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**MALI: FISCAL AND REGULATORY REFORM IMPACT
ASSESSMENT STUDY**

Development Economics Group of Louis Berger International, Inc.

100 Halsted Street
East Orange, NJ 07019 USA
Tel: 201-678-1960 Telex: 138-152

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ASSESSMENT STUDY**

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by:

Dat Bui & Pierre de Raet
D.E.G./Louis Berger International

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MALI: EPRP FISCAL AND REGULATORY REFORM IMPACT ASSESSMENT STUDY

EXECUTIVE SUMMARY

I. INTRODUCTION AND BACKGROUND

The Mali Economic Policy Reform Program (EPRP) is one of the first adjustment programs undertaken in the region by USAID. It was a bold initiative and the overall findings of the Evaluation Team indicate that it was an initiative that was well worth it.

The EPRP is a program (extending from September 1985 to December 1990) of economic reforms, including fiscal and regulatory reforms. The objectives consisted of promoting an environment favorable to the development of a stronger private sector and of reducing the burden of the public sector on the economy.

The EPRP comprises two complementary reform components and a third supporting component. These are the Fiscal and Regulatory Reform, Budget Restructuring, and Computerization Support Components.

The overall US contribution to EPRP was \$24.5 million, of which \$ 22.09 million was cash transfer, fully disbursed in tranches over the 1986-88 period.

The present report focusses on the Fiscal and Regulatory Reform component. Its main objective is to assess the implementation of this reform component, and whenever possible, evaluate the impact of the measures taken.

II. THE REGULATORY FRAMEWORK

The EPRP program envisaged three areas of reform under the regulatory framework aimed at supporting Mali's determination to move from a centralized and State-dominated economy to a market-oriented economy where the private sector would assume a greater role in economic activities. First, it supported the work already underway by the Malian authorities since 1983 directed at enacting a new Commercial Code. Second, it strengthened the liberalization process with respect to price controls so as to promote greater efficiency in resource allocation. Third, it encouraged liberalization in foreign trade away from a system

based on import and export restrictions. Conditionality for tranche releases related to these three areas of the regulatory framework.

A. Findings

The EPRP was successful in supporting major achievements in the three areas. The evaluation's main findings and conclusions with respect to these are the following:

1. Although the Malian authorities had started preparing, since 1983, a new Commercial Code, based on current commercial and business legislation of European countries with a legal Latin tradition, the program correctly put the emphasis on enactment of the new Code as a condition prior to disbursement. Indeed, a new Code was essential in setting up a framework conducive to the emergence and development of a stronger private formal sector in Mali by reducing and simplifying the requirements to engage in economic activities. The new Code brought two main advantages: (i) it updated and brought consistency in the existing texts to enable economic agents to do business in a modern way; and (ii) it abolished the former requirement of approval by the authorities to engage in a commercial or business activity, a system which was particularly prone to discretion, judgment, and corruption. As a result, formal registrations of businesses in Bamako increased by 58% in 1986, by 81% in 1987, and by 31% in 1988.
2. Liberalization in prices, through the adoption of legislation based on the principle of free price-setting, was also a major achievement under the EPRP. While the former system was based on the administrative fixing of price ceilings and preset profit margins for virtually all products and services, there are presently only 26 products or services subject to price control, a number which will be further reduced to 10 in the very near future.
3. Liberalization of foreign trade, also through adoption of legislation based on the principle of freedom of import and export, constituted a major and necessary adjunct to the liberalization in prices. Mali's former foreign trade system was theoretically based on annual import/export programs determined by the authorities on the

basis of estimated national production and consumption. Import (and sometimes export) licenses were issued on the basis of these programs. It is recognized that the system worked very imperfectly, the annual programs corresponding hardly to actual flows of imports and exports. Liberalization of foreign trade under the EPRP led to a decrease in imports subject to quantitative or ad valorem restrictions from 80%, in terms of value, in October 1987 to about 35-40% in June 1988. There are presently about 125 tariff positions still under QRs, many of which are reported to be inoperative. It is expected that the Government will abolish all remaining quantitative and ad valorem import restrictions before the end of June 1989.

In conclusion, the measures taken by the Malian authorities and supported by the USAID grant with respect to the regulatory framework under the EPRP program have had two major effects: (i) they have led to increased competition among economic agents, with benefits to the Malian consumer; and (ii) they have created a new environment for the business community with greater confidence in the economic policies of the Government.

B. Future Programs

Results achieved so far require consolidation in many respects, a not-easy task in the political and socio-economic context of Mali. Efforts by the authorities, with the support of external donors, should aim:

1. at strengthening the legal and institutional framework applicable to business activities with the purpose of improving transparency in the "rules of the game";
2. at redirecting the role of several administrative services from "managing" the economy to serving and guiding the private sector as a new driving force in the economic and social development of the country; and
3. at helping the private sector improve its own structures and organizations, through improved leadership, dissemination of information, and training.

III. FISCAL REFORM AND ACCOMPANYING MEASURES

The tax system in Mali has been generally perceived as highly confiscatory, insensitive to taxpayers ability to pay, and discriminating against savings and investment activities. These considerations provided the analytical basis underlying the EPRP fiscal reform component.

First, the fiscal pressure was to be alleviated to some extent by reductions in the rate of major taxes such as: (1) the Contribution Forfaitaire (CF), (2) the Impot sur Benefices Industriels et Commerciaux (profits tax, BIC), and (3) the Impot Minimum sur les Benefices Industriels et Commerciaux (a de facto Turnover Tax, for loss making firms, on top of the IAS). To increase incentives for local manufacturing, the fiscal reform component also called for a realignment of customs duties. This involved lowering customs tariffs on imported raw materials and semi-finished goods and raising those on imports of finished goods using those materials. Concurrently, the officially set values for customs valuation purposes ("valeurs mercuriales") applied in the assessment of customs duties were to be revised upwards aiming at a more rational price structure.

On another hand, revenue improvement was to be sought through (1) an expansion of the tax base (increase in registration of businesses), (2) readjustment of the officially fixed valeurs mercuriales, and (3) improved administrative efficiency.

A. Methodological Issues.

Due to exogenous and coincidental factors, the impact of the fiscal reform may not clearly be defined. The positive supply response of the Malian economy to a tax cut can be easily swamped by exogenous developments, there is a need to isolate the effects of EPRP per se. To do so, a deductive analysis is now utilized. This approach was further complemented by interviews with representatives of the local business community.

1. The Context of the Fiscal Reform.

It should be noted from the outset that the EPRP fiscal reform component was fairly limited in scope. According to the PAAD, the fiscal pressure in 1985, as measured by the ratio of total revenue to GDP, was about 15%. The tax cuts proposed by EPRP, on a strict ceteris paribus assumption, would only lead to a half percentage point decrease in the overall fiscal pressure ratio, net of better collection efforts.

2. Impact of the Payroll Tax Cut on Employment.

In Mali total labor costs include : (1) wages, (2) the payroll tax (CF) itself, and (3) Social Security charges. When all these are taken in consideration, a halving of the CF only leads to only a 7% decrease in total labor charges. Furthermore, data derived from the 1976 Input-Output Table of Mali show that wages stand on average at 10% of total production costs. Thus, a halving of payroll taxes would lead to about one percentage point decrease in total production costs.

Notwithstanding the above observation, it is generally safe to argue that managers do not hire new employees essentially on the basis of lower costs. New hirings depend on the evolution and projection of sales figures which are linked to opportunities for market expansion. At present, the latter is dramatically absent in Mali, and local demand is possibly at its lowest. It is the opinion of the Evaluation Team that the halving of the payroll tax, though beneficial to the cash-flow situation of Malian businesses, only plays a modest role in alleviating the local unemployment crisis.

3. Impact of the BIC Tax Cut on Investment.

Under reasonable working assumptions, it is straightforward to compute for the pre- and post-reform net earnings from business income of local entrepreneurs. The numerical simulations showed that the average change in net earnings rates due to the BIC tax cut does not exceed 1%.

How much this modest improvement in net earnings rates can contribute to pushing entrepreneurs to undertake new capital formation expenditures is an interesting question. It is however safe to argue that investment decisions do not depend uniquely on the expected rate of return since they are equally affected by effective production capacity of the firm, opportunities for market expansion and, last but not least, access to financing. Those, however, are presently lacking in Mali.

As a last observation, it should be noted that whatever financial relief was derived from a lowering of the BIC rates has been adversely affected by recent modifications in the "patente" tax. Patente payments due for 1988 effectively doubled, as compared to payments due for 1987.

In light of the above arguments, it is certainly hard to contend that the reduction in the BIC tax rates, by itself, has unequivocally contributed to a resurgence of investment activities in the private sector in Mali.

4. Compound Effects of the BIC and Payroll Tax Rates.

In part due to an unfortunate conjunction of factors (credit crunch, slowing down of GDP growth rate, etc.), the tax cuts in the CF and the BIC had not been clearly associated with any generation of new investments and jobs. Through numerical simulations, it can be nevertheless shown that these measures have been beneficial to private businesses, in providing the latter with more financial "breathing room".

5. Realignment of the DFI.

Over the past three years, DFI (Droit Fiscal a l'Importation) rates applying to a large group of raw materials and semi-finished goods have been cut, with a view to remedy the negative "effective protection" borne by local entrepreneurs. The officially fixed "valeurs mercuriales" (for customs assessment purposes) have also been mostly increased.

Customs officials are now considering a thorough revision of the tariff system, with technical assistance from the multilateral donors. Measures envisioned included the replacement of restrictions by equivalent tariffs, simplification of the tariff system and a minimum dispersion in the range of tariff rates retained.

6. Harmonization of the IAS.

The IAS is collected on imports and domestic transactions. Agricultural transactions are not subject to the IAS. Under EPRP reforms, IAS rates on imports and domestic goods have been harmonized at three levels (10%, 20% and 40%). There are still some problems with the IAS, and Government officials are now planning to replace shortly the IAS by a standard model VAT based on consumption.

7. Collections Performance for Various Taxes.

Collections performance is measured by the ratio of tax payments (collections or liquidations) over tax assessments. The evolution of collections performance for major taxes in Mali, over the last few years, is on the whole quite reasonable.

B. The Accompanying Measures.

These measures include the strengthening of the Brigade Nationale d'Investigation, dynamisation of Cross Checking services, and intensification of fiscal and customs controls.

C. Interviews with Local Businessmen.

Interviews with a group of local firms indicate that the employment level (of these firms) has decreased since 1987. This is mostly due to conjunctural difficulties. The businessmen interviewed are unanimously supportive of the tax cuts. However, in the whole, they do not think that these are important enough by themselves to induce new hirings and new investment expenditures.

The above findings appear to give empirical support to the conclusions derived previously from our deductive analysis.

D. Overall Assessment of the EPRP Fiscal Reform Component.

In reference to the program objectives and intended impact defined in the PAAD, the implemented fiscal measures can be considered as necessary but insufficient achievements. On another hand, with respect to the particular context of Mali, these measures (along with the changes in the regulatory framework) represent a courageous break from the old mold, and a step toward economic liberalization.

IV. RECOMMENDATIONS

The Evaluation Team recommends that USAID/Mali continue the dialogue with the Malian authorities in five major areas:

A. REGULATORY FRAMEWORK

1. Further reduce price controls with a view to eliminating all controls by June 1990, except for socially sensitive products and services;
2. Further disband public monopolies/monopsonies by liquidation or restructuring of inefficient State-owned enterprises;
3. Strengthen the transfer from the informal to the formal sector by:
 - a. reviewing, harmonizing, and updating all legislative and regulatory texts applicable to business activities;

- b. amending the Commercial Code to allow the creation of a Limited Responsibility Company (SARL) by two partners instead of three, as well as by one person (Unipersonal Company);
- 4. Develop a strategy and a five-year plan of action to improve information and transparency of legislative and regulatory texts by both civil servants and economic agents;
- 5. Undertake a review of the role and functions of some administrative services (particularly the Directorate for Economic Affairs - DNAE) to redirect their activities toward serving and supporting the private sector;
- 6. Assist business and trade organizations in developing a strategy and plan of action directed at:
 - a. improving their leadership as true representative bodies of the business community;
 - b. facilitating transfer of their members from the informal to the formal sector; and
 - c. strengthening their membership by improved information, training in accounting, and adoption of standards by profession; and
- 7. Create and establish commercial courts as provided by the new Commercial Code and strengthen the judicial system and appeals processes.

B. TAX SIMPLIFICATION

The Mission looks forward for further revenue-neutral reform and simplification of the tax system in Mali. These include:

- 1. comprehensive taxation of personal income,
- 2. simplification of the IGR tax,
- 3. conversion of the IRVM to a withholding tax creditable against personal income tax,
- 4. simplification of the tariff structure.

The following possibilities should also be explored:

5. revision of taxes on industrial property and fixed equipment,
6. generalization of accelerated equipment depreciation,
7. suppression or reduction of all export taxes,
8. reduction in tariff rates,
9. revision of the system of tariff exonerations.

C. MONITORING AND EVALUATION

For purposes of monitoring and evaluation of future policy reforms, a small panel of business people should be established, to which in-depth interviews would be administered on a regular basis.

D. OTHER ACCOMPANYING MEASURES

With regards to the "accompanying measures" to the EPRP fiscal reform, it is recommended to speed up the on-going registration process (immatriculation) for taxpayers, and to set up a link between the data bases of various official services (DND, DNI, Tresor, Tribunaux de Commerce, etc.) for purposes of better fiscal collection and control.

E. POLICY REFORM PLANNING

1. Articulate a more specific and more focused strategy for the promotion of a stronger private sector in productive agriculture and small- and medium-size industries; and
2. Develop a more effective sectoral credit policy.

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CHAPTER ONE : INTRODUCTION AND BACKGROUND

1. Introduction

The Mali Economic Policy Reform Program (EPRP) is one of the first adjustment programs undertaken in the region by USAID. It was a bold initiative and the overall findings of the Evaluation Team indicate that it was an initiative that was well worth it.

Two decades after independence, the centrally regulated economy of Mali had not been up to the challenge of economic and social development. In the early 80's the Government of Mali demonstrated its will to undertake serious economy reforms. Under successive IMF stand-bys, the government deficit was reduced from CFAF9.7 billion in 1981 to about 3 billion in 1985. Underlying the desire to move toward a more market-oriented economy, the role of the public sector was lessened: reduction in workforce, introduction of reductions in public sector hirings, freeze on public sector salaries, disbanding of public monopolies, etc.

The EPRP was conceived at a period when the need for reform was apparent in the private as well as in the public sector. The EPRP supported a three-year program¹ (starting in September 1985) of economic reforms, including fiscal and regulatory reforms. The objectives aimed at promoting an environment favorable to the development of the private sector and at reducing the burden of the public sector on the economy.

The EPRP comprises two complementary reform components and a third, supporting component. These are the Fiscal and Regulatory Reform, Budget Restructuring, and Computerization Support Components.

The overall US contribution to EPRP was \$24.5 million, of which \$22.09 million was cash transfer, fully disbursed in tranches over the 1986-88 period.

2. Focus and Organization of This Report

The present report focusses on the Fiscal and Regulatory Reform component. Its main objective is to assess the implementation of this reform component, and whenever possible, evaluate the impact of policy measures implemented (see Terms of

¹ the three-year period was later extended by an Amendment and the Program Assistance Completion Date is now set at December 31, 1990.

Reference in Appendix A).

In accordance with the overall EPRP objectives, the regulatory reform aims at lessening constraints of excessive regulation. Along these lines, the Commercial Code was revised with a view to make it easier to establish legally recognized businesses in Mali. The legislation concerning external trade and pricing was also revised with the objective to remove distortions in the Malian price structures.

The fiscal reform measures aim mainly at lessening the confiscatory character of fiscality in Mali. This is expected to provide greater incentives for new investment and use of labor.

This report is organized into four chapters. This introduction is followed by chapter 2 which analyzes the modifications in the regulatory framework. Chapter 3 examines the impact of the fiscal reform component, with special reference to investment and employment decisions. The last chapter is an attempt to summarize the lessons learned. Based on this analysis, recommendations for a future reform program are proposed.

CHAPTER TWO: THE REGULATORY FRAMEWORK ^{1/}

1. The Former Regulatory Framework

Prior to the entering into force of the new Commercial Code on January 1, 1987, commercial activities were governed by Ordonnance 58/CMLN of October 14, 1975 and Decree 189/PG-RM of November 14, 1975.

Ordonnance 58 specified the conditions required to qualify as "commercant":

- to be 21 years old or emancipated minor;
- to obtain the approval (Agreement) from the Minister responsible for Commerce;
- to obtain the "patente" (payable at the Internal Revenue);
- to be registered at the Register of Commerce;
- to be registered at the Statistical Office; and
- to be registered at the Social Security Office (I.N.P.S.)

In addition to those requirements, Decree 189 (which was the Decree applying Ordonnance 58) specified the conditions required to qualify as wholesaler ("commercant grossiste"):

- to obtain an Import-Export "Patente";
- to have a store and warehouses approved by certain administrative services; and
- if at all possible, to be the exclusive representative or dealer of a trade brand.

Decree 189 specified also the requirements to qualify as retailer, such as having a shop on public streets with an adjacent room to keep stocks, advertizing goods as well as prices (determined administratively).

¹ Legislative and regulatory texts are listed in Appendix B.

Commercial activities were subject to several important limitations:

- the requirement of approval (Agreement) to exercise a commercial activity, the approval being granted or rejected by the Ministry responsible for Commerce on the basis of criteria (including the financial means by which the activity was to be carried out) leaving substantial room for judgment and discretion;

- the necessity of obtaining the opinion of the Council of Ministers for any application for approval (agreement) submitted by foreigners;

- the possibility of restricting certain activities to Malian nationals;

- the granting of the approval (agreement) for a specific activity only; and

- the requirement of engaging in a commercial activity only in commercial areas or places (emplacements commerciaux), so designated by administrative decision.

In addition, in listing the individuals and entities authorized to exercise commercial activities, Ordonnance 58 gave preeminence to State companies and enterprises and, in general, to any public entity created with an industrial or commercial vocation.

The former regulatory framework had special features which shed light on the issue of the relative importance of the formal vs. the informal sectors in Mali, and on the related issue of the discrepancy between the small number of formal (in the legal sense) "commerçants" currently registered with the Commercial Court (see Section 2 below) and the number of "commerçants" who are known to the Internal Revenue Service (DNI) and who are taxpayers.

Those features apply to traders as opposed to industrial enterprises. Although Ordonnance 58 required the registration with the Register of Commerce and obtaining the "patente" from DNI, it is generally thought that, in practice, obtaining the sole "patente" made anyone recognized de facto as a formal "commerçant" (very much, apparently, in application solely of Decree 189). The reason is that the Internal Revenue Service (DNI) has been and still is much better equipped to know who exercises a commercial activity and therefore liable to taxation because it has had traditionally a large number of surveyors (enquêteurs), each one responsible for a very specific section of town or village. The surveyor visits regularly and knows individually each of the

inhabitants of his section as well as his daily occupation ²/.

As will be seen below, the new Commercial Code, by abolishing Ordonnance 58 and its related Decrees, provides unequivocally that the condition which determines legally whether someone is "commercant" or not is the registration with the Clerk of the Commercial Court (Greffier du Tribunal de Commerce). Today, only those registered with the Commercial Court are legally "commercants", i.e., legally identified as "formels". In other words, the definition of "formel" today is the fact of being registered with the Commercial Court. As a result, traders who formerly were considered as "formels", because they had paid the patente and therefore were known to DNI, are and must be considered today as "informels". Notwithstanding this, their number, as taxpayers, is still very much larger than those registered with the Commercial Courts.

Under the former regulatory framework, prices and trade (domestic and foreign) were governed by Decree 188/PG-RM of November 14, 1975 and Ordonnance 78-15/CMLN of May 3, 1978 establishing the principle of subjecting the price of all goods and services over Malian territory to the system of "fixation", defined as the determination of the selling price in accordance with existing regulations.

Specifically, the "fixation" system provided for 3 ways by which prices could be administered:

- by maintaining (blocage) prices at the level set on a given date in accordance with regulations;
- by determining (homologation) costs and maximum selling price at the various production and distribution stages for all goods and services (including imports); or
- in any other appropriate way.

There is little doubt that, in addition to the economic policies pursued by Mali at the time, the regulatory framework per se put heavy constraints on the development of the private sector, whether formal or informal, in the country. In fact, the imposition of legal and administrative constraints on the exercise of business activities was deliberately part of the policies.

² This notion is very similar to the one still prevailing in some European cities today, where the city policeman - known as the "agent de quartier" - patrols almost daily on foot his section of town or city - his "quartier" - and knows about everything about everybody.

The design of the EPRP and the conditionality for tranche release attached to it put the correct emphasis on the necessity to put in place a new regulatory framework as a pre-condition for success of any policies or fiscal incentives aimed at promoting private sector activities. Thus, even though the new Commercial Code had been under preparation since 1983 by the Malian authorities, the requirement that it be enacted, together with new legislation governing prices and foreign trade, at the beginning of the EPRP was the correct approach to adopt. The fact that the new Code and the new texts relating to prices and foreign trade were indeed enacted early under the program must be considered as a major achievement of the EPRP. It served as a catalyst and a rallying ground for the initiation and adoption of more liberalized policies in fiscal and other areas such as in pricing and marketing arrangements.

In addition to tranche release conditionality, the design of the EPRP included a special covenant providing for the establishment of a program for publicizing regulatory or administrative changes enacted with respect to the Commercial Code, price regulation, and tax reform through mass communications and direct communication channels with interested groups. While a commendable and necessary requirement, the program failed to provide specific obligations in this respect on the grantee and to provide it with specific resources to assist in organizing and structuring, over the period of the program, a major publicity campaign aimed at disseminating information on the changes in the regulatory framework for both civil servants and economic agents. The Chamber of Commerce and of Industry of Mali has been publishing for many years a daily bulletin (Bulletin Quotidien) providing information to subscribers (circulation over 500; cost: CFA 18,000/year). However, discussions and interviews with officials and private sector representatives indicate that more could have been done under the EPRP in this area. More on this in the Chapter on Recommendations.

2. The New Commercial Code

The new Commercial Code was enacted by Law 86-13 AN-RM of March 21, 1986 and entered into force on January 1, 1987.

The two major advantages of the new code, recognized by all economic agents in Mali and already reported by other studies under the EPRP (Oppenheim, Hermann, Grant) are the following:

- it constitutes a major step in simplifying and organizing the conditions under which commercial activities can be undertaken by abolishing and/or updating a proliferation of antiquated, ambiguous, and sometimes contradictory texts; it not only brings together all texts pertaining to commercial law, corporate law,

commercial paper, and commercial contracts, but also brings consistency among them. The Code generally reflects the legislation currently applicable in European countries with a history of latin legal tradition and, as such, provides an adequate framework for an organized and modern approach to doing business.

- it abolishes the approval (agrement) requirement, except
 - (i) for nationals of countries not having an "establishment agreement" (convention d'etablissement) with Mali (Articles 65 and 66 of the Code) ³/;
 - (ii) for the exercise of some activities, such as those covered by Law 86-90 AN- M of September 12, 1986 governing prices and margins (this law provides that the exercise of some activities can be regulated by Decree) (Article 59 of the Code and Annex 1 to the Code); and
 - (iii) for the granting of benefits under the Investment Code (Article 69 of the Code).

Except for the above three cases, the approval (agrement) requirement was replaced by the requirement of registration with the Clerk of the Commercial Court (Grefe du Tribunal de Commerce). As indicated above, fulfilling the requirements for registration with the Commercial Court makes an individual or a company automatically and legally (i.e., "formel") a "commercant".

Assessment and Issues

Several remarks are called for:

- even though the formal requirements under the new Code are to be considered generally adequate and legitimate as conditions prior to engaging in commercial activities in modern society, the actual environment in which the formal requirements are to be met are certainly constraining because of the heavy bureaucratic and arbitrary intervention and/or abuse of power by administrative agents, due to lack of knowledge, attachment to past regulations and habits, or corruption. This is a key issue in considering obstacles to the development of the formal private sector. For instance, interviews with representatives of the business community indicate that Government agents, (e.g., DNAE) go well beyond their power and beyond existing statutes in requiring more documents for registration as a "commercant" or for incorporation as a company

³ There is no such agreement with the United States; Mali has agreements with, inter alia, France and the CEAO countries.

than presently provided by law.

- the lack of information about the requirements for registration or incorporation as well as the lack of transparency about the respective responsibilities of the various Government services involved constitute not only a major impediment to the creation of businesses in a formal way by potential entrepreneurs but also a source of encouragement for arbitrariness and abuse of power on the part of civil servants in applying the regulations.

- the discrepancy, noted earlier, between data recorded at Commercial Courts and at the Internal Revenue Service (DNI) with respect to economic agents actually exercising commercial activities, raises an issue to be reckoned with in proposing or devising ways by which the private sector could be more structured, so as to broaden the tax base. Presently, the one who belongs to the informal sector, even though he is known to DNI and pays some taxes, has no incentive to move to the formal sector because his very status of informal not having proper accounting allows him to make whatever arrangement is feasible and advantageous with the administrative services responsible for collecting taxes. To encourage the transfer of business activities from the informal to the formal sectors would require degressive fiscal incentives, e.g., over a few years, by registering as "commerçant" with Commercial Courts.

- although the new Code calls for the establishment of Commercial Courts responsible for handling disputes arising from business activities, as of today none has been established. Directives for the creation and establishment of Commercial Courts have been approved by the Council of Ministers but implementation delays have been encountered, reportedly because of issues arising from the representativity of business organizations called to sit on the Courts. In the meantime, disputes are handled by the Courts of First Instance ("Tribunaux de Première Instance"), which is an unsatisfactory situation. In the meantime also, registrations under the new Code are filed with the Clerk of the Court of First Instance.

- there is a lack of harmonization between the new Code and the entire body of laws and regulations applicable to business activities and transactions or impacting on them. In the present climate, it is safe to assume that there is not. This suggests that a full review of the legal and institutional framework applicable to business activities would be called for. Interviews with Government officials, "notaires", and practicing attorneys indicate that there is an urgent need to review and harmonize legislative and regulatory texts in general, including the formal abrogation of no longer applicable texts. The current state of affairs in this regard encourages confusion, arbitrariness, misinterpretation (genuine or deliberate), fraud and corruption.

The following examples may be cited with respect to the new Commercial Code or to other texts bearing on business activities:

- in cases where foreigners wish to establish a company under Malian law, i.e., cases where the prior approval (Agrement) is still required to exercise a commercial activity, the requirement of submitting the "Quitus Fiscal" by the prospective founders of a company before the company is incorporated is an anomaly (Article 67 of the Commercial Code);

- Article 695 of the Code requires the publication of a legal notice of a new company's incorporation in a regional newspaper, but fails to indicate the time limit by which the notice must be published;

- in the case of incorporation under "Societe A Responsabilite Limitee" (SARL), Article 334 of the Code provides that the capital brought by shareholders must be in cash, but Articles 337 and 339 also refer to capital in kind;

- there are several provisions in the Mining Code (dating from 1970) which are in conflict with provisions of more recent texts such as the new Commercial Code, the Internal Revenue Code, and the Investment Code which would leave any potential investor confused: e.g., the Mining Code provides for a tax rate of 50% under the BIC while the current rate is 45%, but the DNI insists that any mining company pay taxes at the rate of 50% because the Mining Code says so (which is against a general principle of law: indeed, the Mining Code provides that any mining company would benefit from any future more advantageous status);

- there is a clear case of "vide juridique" for cereals marketing: the failure to formally revoke past Laws, Decrees and Arretes formerly governing the exercise of the activity of wholesaler and retailer of cereals and the organization of the cereals market is bound to create confusion among present cereals traders and detrimental to their entry into the formal sector. Thus, Law 82-35/AN-RM of March 20, 1982, by referring to Ordonnance 58/CMLN of October 14, 1975, is in conflict with the law creating the new Commercial Code, but it is still on the books; similarly, Decree 270/PG-RM of November 24, 1962 governing the conditions under which the activity of wholesaler and retailer of cereals can be exercised is in conflict with the Code, since the fundamental conditions under which any commercial activity can be exercised was changed by the new Code, but Decree 270 is still on the books; the same applies to Decree 67/PG-RM of March 26, 1982 and to Arrete 3414 of October 5, 1982 governing the organization of the cereals market. Not only are these texts any longer applicable, they also run against the official policy of the Government.

In addition, in the case of cereals, there is an urgent need to establish precise criteria defining "grossiste" and "demi-

"grossiste" because this has a bearing on their access to crop credit (credit de campagne), an important issue if one is to develop the role of the private sector in this area. It is also urgent to define exactly the conditions under which each group ("grossiste" and "demi-grossiste") may have access to such credit. The clearer the texts and the clearer the various criteria, the easier and the quicker the transfer of cereals marketing activities from State entities to the private sector.

This general issue is further complicated by the fact that coordination between ministries and administrative services is notoriously weak in Mali.

3. The Current Pricing Regulations

Prices and margins are presently regulated by Law 86-90 AN-RM of September 12, 1986, Decree 328/PG-RM of October 13, 1986, Decree 190/PG-RM of June 30, 1988, and, with respect to margins applicable to production and distribution, Ministerial Decision (Arrete) 1423/MFC-CAB of March 5, 1987, all issued under the liberalization program of the Government.

Main Provisions

The main provisions of these texts are the following:

- the pricing regulations apply to anyone, individual or company, engaged in commercial, industrial, agricultural, or service activities;

- law 86-90 establishes two pricing systems:

- the system of free prices, applicable to any price not subject to determination by administrative procedures;

- the system of price "fixation", defined as the determination of maximum selling prices or of maximum margins (always in percentage terms) in accordance to regulations applicable to products and services falling into this category; the producer or the trader may sell at a price or apply a margin lower than the official one;

- law 86-90 provides for consultation between Government and representatives of economic agents before "fixation" of a price or of a margin at the request of either party. This consultation process is much closer than before. For instance, each producer,

whose products are subject to maximum prices or mark-ups submits his total costs' structure (in accordance with the provisions of Decree 328) to DNAE. Under the former legislation, the process was limited to much broader consultation with representatives of private sector organizations under the auspices of the former National Commission on Prices and Incomes of the Ministry of Plan, with little opportunity for individual entrepreneurs or firms to express their particular views.

The above provisions apply to locally produced goods and services and to imports.

Basic Features of the "Fixation" System

The "fixation" system consists of three sub-categories:

- the "taxation", or determination by the authorities of the maximum selling price or of the maximum margin applicable to a product or service, with some reference to production costs, but political considerations do play a role;

- the "homologation", or administrative determination of the maximum selling price or of the maximum margin by reference to the production cost on the basis of documentary evidence provided by the economic agent;

- the "homologation" is "rigide" when the maximum selling price or margin is subject to prior approval by DNAE. In the case of production, the producer submits his cost structure and has to justify it on the basis of invoices or other relevant documents. Costs include all expenditures incurred, including taxes on raw materials or intermediate goods, overhead, financial charges etc. The base for calculation of the margin is total costs per unit at the exit of the plant ("cout de production unitaire sortie producteur"). The producer's margin is therefore net. In the case of distribution, the base is the total cost (including taxes) of the merchandise delivered in the warehouse of the trader and the margin applicable to him must cover his own costs; his margin is gross. In the case of imported goods, the system is the same as for distribution ("prix de revient rendu magasin"). Decree 328 provides specifically that all taxes and duties must be included in determining the base. It also specifies that, at the distribution stage, the base is increased by the gross margin and by the IAS. However, according to the Internal Revenue Service (DNI), there is a controversy as to whether the IAS applies again at this stage of the cycle (irrespectively of the fact that the IAS on earlier transactions is deducted at each stage). Whenever the economic operator experiences an increase or a decrease in total costs, he must so inform DNAE and the maximum selling price or margin is adjusted correspondingly. According to DNAE officials, there is

relatively little controversy between DNAE agents and economic operators as to the correct and true computation of the base, since documentary evidence must be furnished;

- the "homologation" is "souple" when only a maximum margin is set, without prior approval by the authorities; the control may be exercised ex post, in which case the economic operator must be able to supply all documents justifying his total costs. In the case of increase or decrease in costs, he may adjust his selling price accordingly at his own initiative, but must be able to justify it in case of ex post control. The remarks noted above regarding the issue of the applicability of the IAS at the distribution stage also apply to "homologation souple"; and

- the "blocage" of prices or of margins, defined as maintaining prices or margins at the level at which they were set on a given date according to established administrative procedures. The "blocage" differs from the earlier categories in that a price or a margin is "blocked" until further notice by the authorities, irrespective of changes in costs.

A feature of the system is that, if a single operator is producer and distributor, he may apply both margins, but he must pay the "patente" twice, as producer and as distributor, must have different and separate facilities, and keep two different sets of accounts. According to DNAE, such cases are extremely rare.

The Current Situation

Before 1986, prices and profit margins of all products and services were subject to control, including some items subject to "blocage", such as bicycles and motor cycles during the oil crises of the 1970s. Since issuance of Decree 330/PG-RM on October 13, 1986, the Government has reduced considerably the number of products and services subject to price ceilings or preset profit margins.

Decree 190/PG-RM of June 30, 1988 provides the list of products currently subject to control:

There are 3 products subject to "taxation", i.e., their producer price is fixed:

- paddy, cotton grain, and cotton seed.

There are 13 products subject to "homologation rigide":

- fertilizers, pesticides, pharmaceuticals and veterinary products, intercity transport of merchandise, intercity transport of passengers, international transport of merchandise, international transport of passengers, petroleum products, water

and electricity rates, cigarettes, matches, bread, and meat.

There are 10 products subject to "homologation souple":

- milled rice, sugar, kitchen salt, concentrated and powder milk, green tea, flour, vehicles, spare parts for vehicles, corrugated sheets, transit tariffs.

There are no products subject to "blocage".

It is interesting to follow how the situation has evolved since October 1986. Appendix C provides, in table form, the list of all items in each category since 1986.

Table 2.1 Number of items subject to "fixation"

	pre-86	10/86	3/88	6/88	6/89 proposed
1) Taxation					
producer prices		7	5	3	2*
distrib. margins		4	-	-	-
service prices		3	-	-	-
2) Homologation rigide		19	13	13	8**
3) Homologation souple		22	21	10	5***
4) Blocage		-	-	-	-
Total (1)-(4)		55	39	26	15
5) Liberte des prix	0	anything not in	10/86 +16	10/86 +39	10/86 +40

(1)-(4)

- * paddy and cotton seed.
- ** pharmaceuticals, medical and veterinary services, international transport tariffs for merchandise, petroleum products, water and electricity rates, cigarettes, meat, and urban transport tariffs. This list may be even further reduced to 5 (minus international transport of merchandise, cigarettes, and meat).
- *** rice, sugar, flour, bread, and transit tariffs. This list may be even further reduced to 3 (minus milled rice and ~~sugar~~).

Arrete 1423/MFC-CAB of March 5, 1987 lists the production and distribution margins applicable to products currently falling under the regime of "homologation" (Appendix D). It should be noted that, when the present margins were decided in 1987, they were set with reference to actual practices at the time rather than to the then officially-set margins. Indeed, Government officials recognize that the very complexity of the system made it inoperative in practice, especially in the context of the Malian economy.

The current margins are as follows:

- production margins currently vary between 14 and 18%; they are net margins because applicable to total costs of production;
- distribution margins currently vary between 15 and 30%; they are gross margins because they cover the costs of distribution per

se. In cases where two distributors operate, such as a "grossiste" and a "demi-grossiste", they have to share the margin. Furthermore, Arrete 1423 provides that, if there is a retailer at the end of the chain, the wholesaler(s) must pass on to him a portion of the margin ranging between 5 and 10% depending on the product (remise au détaillant sur prix de vente au détail); it is therefore possible that the margin is shared among three operators. Whatever the number of intermediaries, the price to the consumer is always the cost of the goods delivered to the warehouse of the first intermediary plus the margin plus the IAS (subject to the qualification mentioned above).

According to DNAE officials and interviews with members of the business community, real margins differ - i.e., they are lower - from officially-set ones, especially at the production stage. Indeed, it is reported that traders are better able to maintain their net margins than producers, the latter being at a greater disadvantage in combatting illicit imports of goods identical or similar to their final products. However, there are no data or even indicative figures which could suggest the magnitude of the discrepancy between effective and official margins. One should note here that the IAS is always calculated on real margins.

Future Prospects

Prior to the entering into force of the first year (July 1, 1988-June 30, 1989) of the current program supported by the Structural Adjustment Facility (SAF) of the IMF (concomitant with a Stand-by arrangement), the Government, as an indication of its readiness to bring about structural changes in the economy, reduced the number of items subject to price ceilings or preset profit margins twice, in March and in June 1988 (see table above).

The Government has also undertaken, under the SAF, to further reduce, by June 15, 1989, the items subject to "taxation" to 2, to "homologation rigide" to 8, and to "homologation souple" to 5. As of writing, it is reported, as indicated above, that the total number of items may be even reduced to 10 (2 under taxation; 6 under homologation rigide; and 2 under homologation souple).

These may be considered as major steps in the liberalization process and provide the right signals to private entrepreneurs and traders.

Assessment and Issues

The EPRP program rightly put the emphasis on the need to liberalize regulations with respect to prices and margins as a

necessary condition to the development of the private sector. It can be said that movement toward liberalization has been quite satisfactory, and, if undertakings under the SAF are kept, it would appear feasible to deregulate prices and margins completely by June 1990 except for socially sensitive products.

However, it is virtually impossible to assess quantitatively the impact of prices and margins deregulation on the private sector so far, especially how it affected the formal vs. the informal sector, as well as to assess the impact on prices. It is generally believed however that producers benefitted from price liberalization despite their complaint about illicit imports. What is certain on the other hand, although not measurable either, is that liberalization of prices (together with deregulation of foreign trade, as discussed below) had the effect to foster competition and therefore lower the general level of prices to the advantage of the Malian consumer. For instance, a can of concentrated milk, which sold for CFA750 before liberalization, now sells for CFA500.

The fact that traders are generally better able to maintain their net margins than producers (who normally belong to the structured private sector) raises an issue which the authorities should address if production of manufactured goods is to be encouraged, especially for export. The present situation has the effect of running somewhat against the declared policy of the Government in that respect. A solution to this issue should not be studied in isolation from appropriate fiscal incentives to production and export, such as abolishing all taxes on exports (which do not generate large revenues to the Treasury in any case). This is an issue to address when considering ways by which the structured sector of the economy can be reinforced.

There are no data available about the relative importance of goods and services subject to price ceilings and preset profit margins compared to total consumption of goods and services. However, it is likely that the percentage is fairly high for the average urban family but low for rural families who consume very little of the items still under price control. Indeed it is known that about 90% of the food intake of the latter is based on millet and sorghum, the prices of which are free. The Government has undertaken a survey of household budgets which should become available in the forthcoming months.

An issue likely to arise, if and when prices and margins regulations are completely abolished, is the new role to be assumed by the DNAE of the Ministry of Finance and Commerce. The same remark applies for the deregulation of foreign trade (see below). According to some views within DNAE, complete deregulation would certainly not require or entail a reduction in staff as control and enforcement functions would be replaced by development and

promotion functions, especially at the sectoral level ⁴/. According to other views, a reduction in force of DNAE (currently about 300 strong) should not be excluded with transfer of personnel, possibly after retraining, to Internal Revenue (DNI) and Customs (DND). Whatever the opinions, it is recognized that the issue must be carefully studied and that detailed identification and analysis of DNAE needs must be undertaken.

4. The Current Foreign Trade Regulations

Foreign trade is currently regulated by Decree 33/PG-RM of February 13, 1986 and Arrete 1831/MFC/DNAE of June 29, 1988 issued under the liberalization program of the Government.

Main Provisions

The main provisions of Decree 33 are the following:

- it establishes the principle of free trade with all countries;

- it requires all individuals and companies to be authorized (agree) prior to engaging into import/export activities;

- it provides for 3 categories of imports:

- category A: products which can be imported freely;

- category B: products under quantitative or ad valorem restrictions;

- category C: products whose importation may be prohibited by ministerial decision (Arrete); and

- it establishes that, in principle, all exports are free from quantitative or ad valorem restrictions. In accordance with Article 26 of Decree 33, the Minister responsible for commerce may, when circumstances warrant, introduce export licenses.

⁴ According to DNAE, the total of fines and penalties collected by DNAE amounts to about CFA600 million per year on account of price and foreign trade legislation enforcement.

Basic Features of the Import System

Category A imports (free imports): they are free from quantitative or ad valorem restrictions; the authorization requirement is in the form of a certificate of importation granted automatically by DNAE (according to a procedure prescribed by ministerial decision or "Arrete").

Category B imports (quotas): they are subject to quantitative or ad valorem restrictions set annually by a National Commission on the basis of needs at the national level for each individual item; the quota for each product is in turn distributed, according to certain criteria, among importers who have obtained an authorization which, in this case, is a license which is personal and non-transferable. While the granting of the certificate of importation under Category A is automatic, the granting of a license is not. The annual volume/value of imports (and of some exports), at the aggregate and individual levels, is referred to as the annual IMEX program.

Even though products under Category A may be imported freely and therefore normally not subject to licensing, those not originating from preferential areas (in accordance with the ACP/EEC, CEAO, and CEDEAO agreements) are subject to licensing, but without quantitative or ad valorem restrictions. According to DNAE officials, this is essentially a device to keep track of import origins, so as to facilitate the compensation mechanism within the CEAO.

All imports, whether under Category A or B, are subject to duties and other import taxes in varying degree.

The Former Situation

Prior to liberalization, all imports and exports were in principle subject to restrictions in that they all fell under the IMEX programs carried out by State-owned enterprises. In practice, however, the IMEX system worked very imperfectly. According to DNAE officials, the system was used more as a tool to protect some locally produced goods, such as batteries and fabrics, as well as to project customs revenues than to regulate the flow of all imports and exports. Export of some goods has been sometimes prohibited or restricted, especially in the case of cereals depending on the size of the crop so as to ensure adequate domestic supplies.

The Current Situation

Even though Decree 33/PG-RM was issued in February 1986, it is not until October 13, 1987 that the list of products subject to

quantitative or ad valorem restrictions was published by Arrete 5900/MFC/DNAE. In the interim, the former regulations were kept on the books but were not applied, a further indication of the failure of the IMEX programs.

Under the October 1987 list, some 80 % of total imports by value were subject to quantitative or ad valorem restrictions.

As in the case of price ceilings and preset profit margins, prior to the entering into force of the first year (July 1, 1988-June 30, 1989) of the SAF, the Government, reduced the number of items (or categories of items) subject to quantitative or ad valorem restrictions by ten (sugar, milk, salt, tea, insecticides, vehicle batteries, dry cell batteries, household appliances, household goods, and petroleum products) in accordance with Arrete 1831/MFC/DNAE of June 29, 1988. Import licenses for these products were replaced by the requirement of certificates of importation issued automatically. This was a major step toward increased liberalization in foreign trade since these ten products (or categories of products) represent some 40 % of total imports, thus bringing liberalized imports to about 60% of total value of imports.

At the present time, some 125 tariff positions (products or categories of products), or about 35 to 40% of total imports by value, remain subject to quantitative or ad valorem restrictions. According to DNAE officials, restrictions are more on quota basis than on ad valorem basis, although no indication of the relative importance of each category is readily available. Also, according to DNAE, what remains of the IMEX program basically serves three purposes: (i) the program is indicative to estimate, for some commodities, the level of import licenses to be authorized given total domestic production and consumption; (ii) it is a protective device for a limited number of locally produced goods; and (iii) it provides an estimate of customs revenues expected from items subject to restrictions.

There are currently no restrictions on exports, except that, for the 1988/89 crop, export licenses for cereals are limited to 30,000 tons under a first tranche, with the possibility of a second tranche being allowed at a later stage.

Future Prospects

Under the structural policies pursued under the SAF arrangement with the IMF, the Government has undertaken to liberalize further the import regime by abolishing all quantitative or ad valorem restrictions by June 15, 1989 and replacing present licenses for products subject thereto by certificates of importation. All products would fall under Category A.

If this plan is carried out as currently envisaged, the issue of providing enhanced protection through duties and other taxes will arise. Studies are underway to that effect by Government services with the support of the World Bank and UNDP. According to DNAE and DND officials, recommendations for such a reform are currently being reviewed by the Cabinet of the Minister of Finance and Commerce. Effective application of adjustments in import tariffs, as an adjunct to this reform, is reportedly feasible from the technical and regulatory standpoints as soon as the decision to abolish quotas becomes effective.

Assessment and Issues

As in the cases of the Commercial Code and of price legislation, the conditionality for tranche release attached to the USAID grant in support of the EPRP was quite justified and necessary to ensure emergence and growth in private sector activities.

However, here also, data are not available from the Customs department (DND) to assess to what extent deregulation of foreign trade per se has had an impact on the growth of the private sector (according to DND officials, it would be quite possible to set up a system by which statistics of foreign trade by the private sector vs. the parapublic sector could be compiled). One must assume that it had such an impact. However, one should keep in mind that, in parallel with deregulation of foreign trade, the Government has also launched since 1985 the reform of the parapublic sector, whose former activities are increasingly being assumed by the private sector.

Whatever the quantitative impact, it is clear that the Government, at the political level, has recognized (albeit reluctantly) not only the cost to the economy of the QR system, but also of its own incapacity to administer the annual IMEX programs. Indeed, officials recognize that the programs had major shortcomings and were, in fact, unworkable. Projected data bore little relation to actual flows of imports and exports as recorded by Customs.

The substitution of increased tariffs for QRs (in addition to whatever tariffs are already applicable) should normally be a welcome development, since application of tariffs is less prone to discretionary power, bureaucratic burdens, and arbitrariness on the part of civil servants. However, as discussed below in the Chapter on Fiscal Reform, upward adjustments in tariffs are likely to encourage further customs evasion, already very high in Mali.

As already mentioned, there is currently intense debate within DNAE on the future mission of DNAE and on the future role of DNAE agents following the abolition of some tasks currently performed.

This is an issue that the Government, with the coordinated support of donors, will have to address under a second phase of the E.R.P. More on this under the Recommendations Chapter.

5. Impact of Deregulation under the EPRP on Private Sector Growth

The Program Assistance Approval Document (PAAD) of August 1, 1985 suggests that four indicators might be appropriate to attempt to measure or assess the impact of the EPRP program on private sector participation in the economic life of Mali. The nature of the measures adopted under the regulatory component of the EPRP is such that it does not permit to establish a clear and direct link between specific reforms and their effects on private sector growth. The indicators are nevertheless discussed below:

- registration of businesses:

The number of registered individuals and companies with the Clerk of the Bamako Court of First Instance has increased as follows:

Table 2.2 Registration of Businesses in Bamako*

	Cumulative	Annual increase	Annual increase in %
Dec. 31, 1985	363		
Dec. 31, 1986	572	209	+58%
Dec. 31, 1987	1,035	463	+81%
Dec. 31, 1988	1,355	320	+31%
Apr. 14, 1989	1,454		

* The total of 1,454 registrations as of April 14, 1989 does not represent the total number of individuals and companies registered at the Bamako Court of First Instance since Independence, but rather a total since about 1983 or 1984. It is reported that, when a new Clerk ("Greffier") is appointed, he often starts a new numbering. It is known that there have been several breaks in the series since Independence, but it is virtually impossible to reconstitute the total number.

The new Code entered into force on January 1, 1987. According to the Bamako Clerk and to two "notaires" familiar with the issues of formal vs. informal sectors in Mali, the increase in registration at the Court of First Instance in Bamako since 1986 is largely due to regularization by individuals who were already in business, but who registered when more liberal policies were being adopted and when formalities became less cumbersome. They moved therefore from the informal to the formal sector, an indication that a more liberal regulatory framework had positive effects.

The above data call for the following remarks:

- registrations at the Court of First Instance of Bamako count for about 90% of all registrations for the Bamako area (including the 5 "Justices de Paix");

- there are no separate data providing cancellations ("radiations") on an annual basis, so the above data are gross; according to the Clerk, there were few cancellations; there are no readily available data on bankruptcies;

- there are no readily available data on the number of

individuals and the number of companies; the sorting must be done manually;

- there are no readily available data in Bamako on the number of registrations in the other regions of the country.

It is interesting to note, on the other hand, that, according to the two "notaires" interviewed, the number of newly-incorporated companies decreased substantially in 1987 compared to 1986, and decreased even further in 1988. Further reductions are anticipated for 1989, since, in the case of one "notaire", five companies were incorporated during the first four months of 1989, compared to 25 during the same period in 1988. These data undoubtedly reflect the general level of economic activity in the country.

- employment

Reliable data on salaried employment are very limited and relate mostly to the public (about 50,000) and parapublic sectors (about 10,000).

According to the most recent study on employment in Mali ("Donnees sur l'Emploi au Mali") carried out under the PNUD/BIT/MLI/86/002 project aimed at assisting young graduates to find employment and issued in June 1988, the number of self-employed (defined as storekeepers, artisans, liberal professions, and the informal sector) in urban areas would have grown by 4% annually between 1976 and 1987 to reach 180,000. Domestic help and apprentices would amount to about 83,000, also in urban areas. The number of salaried employees in the modern private sector would have reached 11,900 in 1987, having grown by 40% since 1974 or 3% per year on average.

Discussions and interviews with representatives of the business community indicate that the various measures under the EPRP program, whether regulatory or fiscal, appear to have had no determinable impact on companies belonging to the structured private sector in terms of increased employment which could be attributed directly or indirectly (via investment) to the measures adopted; for instance, neither the reduction in the "contribution forfaitaire" nor the reduction in the BIC is considered a sufficient incentive to recruit more employees, or to invest in additional capacity. Therefore, it is more than likely that the specific measures undertaken under the EPRP have not had any measurable effect on employment among firms in the modern private sector, and in hindsight, it was probably optimistic to assume that they might have. This, in no way, is to be considered as an indication that the program has failed, as will be seen later. Indeed, it is possible that employment may have risen in the informal sector, especially in trade, but again, if it is the case, it would probably be difficult, if not impossible, to distinguish between the share that could be attributed to the EPRP measures and

that to other factors under the structural adjustment policies followed by the Government, such as entry into the informal sector subsequent to layoffs from the public and parapublic sectors. According to the PNUD/BIT experts, the net effect on employment has been negative over the past few years, due to some structural adjustment policies and especially to the generally poor economic climate since 1986.

- credit

The volume of credit extended to private entrepreneurs, excluding mixed companies, could theoretically be another indicator of private sector growth over a number of years. However, in the context of the Malian economy, especially at the present time, when the monetary authority imposes strict credit ceilings in the member countries of the UMOA, a clear picture does not emerge. First, data on credit extended to the private sector per se are not readily available, banks compiling the information by broad sectors, mixing private and parapublic entities. To obtain the information strictly for the private sector would require to review all loan requests and approvals by commercial banks. Second, it is unlikely that any trend could be attributed to any specific set of measures under a reform program such as the EPRP, given the number and the importance of other factors currently at play in Mali.

The volume of credit (ordinary credit + crop credit) to the economy, i.e., to the parapublic and private sectors, has moved as follows over the past years:

Table 2.3 Volume of Credit to the Economy

December 31, 1984	CFA 79.2 billion
December 31, 1985	CFA 83.6 billion
December 31, 1986	CFA 99.5 billion
December 31, 1987	CFA 95.2 billion
December 31, 1988	CFA 97.0 billion (including 14.4 billion as consolidation for the Banque de Developpement du Mali)

No inference can be drawn from these data with respect to the impact of the EPRP program on private sector growth, since they include credit to parastatals and annual crop credit, which is particularly characterized by high fluctuations.

The volume of outstanding credit granted by BIAO has moved as follows since end-1985 by type of economic activity:

Table 2.4 Volume of Outstanding Credit Granted by BIAO

	End of period/CFA million			
	12/85	12/86	12/87	12/88
Agriculture	2,081	4,178	2,830	2,558
Mining	-	11	-	-
Manufacturing	627	741	691	935
Water, gas, electricity	299	-	-	-
Construction, public works	318	239	462	368
Trade, restaurants, hotels	2,885	4,948	4,145	5,881
Transport, warehouses, commu.	351	484	384	411
Insur. real estate, services	118	56	58	103
Social and personal services	405	466	617	944
Total	7,084	11,123	9,187	11,200

The above table shows a 49% increase in outstanding credit to the manufacturing sector over a three-year period; however, it is not clear whether this increase is due to growth of the private sector since parastatals still dominate industrial activities. A sharp increase in credit to trade, restaurants and hotels occurred in 1986 but it is not possible to ascertain whether it was attributable to liberalization measures.

- private sector-oriented trade

As indicated above, the Customs Department does not compile import and export data by ownership status of the importer or exporter (State; mixed company; private). It is therefore not possible to measure through this indicator whether the share of the private sector in foreign trade has increased during the EPRP program. However, it is generally known that private sector operators have substituted themselves for the defunct SOMIEX, but such a phenomenon is not linked to the EPRP measures per se, although the EPRP supported the Government's commitment to a program of privatization.

In conclusion, using the above indicators does not permit to evaluate whether the specific liberalization measures with respect to the regulatory framework have had a quantifiable or measurable impact on genuine private sector growth in general over the EPRP period.

However, it is reasonably certain that the specific measures foreseen under the program:

(i) have not had a measurable impact on the corporate segment of the structured private sector, if impact is defined in terms of increased employment or investment by that segment; and

(ii) have had a measurable impact by encouraging individuals from the informal sector (mostly traders presumably) to move to the formal sector.

Even though a quantifiable or measurable impact cannot be ascertained in terms of private sector growth, the psychological impact of the EPRP program on the private sector, especially its components relating to the regulatory framework, has been crucially important and is recognized by all economic agents as a turning point in economic policies. In that sense, the EPRP program has been a major success. The importance of placing changes in the regulatory framework as a pre-condition for success of the program, and as condition for tranche release, cannot be overemphasized. For instance, the adoption of the new Commercial Code, rapidly accompanied by the various liberalization measures with respect to prices and foreign trade, gave the signals to the private sector, whether formal or informal, that the business environment was changing for the better. Representatives of the structured private sector recognize unanimously that deregulation of prices and reduction in the number of imports subject to QR are major steps in that direction.

Also, as already mentioned, the liberalization measures have had the effect of stimulating competition, thereby keeping price increases low (even lowering some prices) and benefiting the consumer⁵.

6. Overall Assessment of the Regulatory Framework and Issues

Section 5 above has demonstrated that the success of the EPRP program, with respect to liberalization in the regulatory framework, can hardly be judged in terms of quantifiable indicators. Similarly, it cannot be judged in isolation from the broader economic context, especially the conditions prevailing since 1986, and more particularly in isolation from measures undertaken by the Government under its 1988-92 medium-term

⁵ A short discussion of the impact of deregulation on cereals marketing and transport may be found in Appendix E.

undertaken by the Government under its 1988-92 medium-term adjustment program agreed with the IMF and the World Bank in May 1988 and the 1988-89 Stand-by arrangement.

Rather than looking at the benefits that liberalization of the regulatory framework could have generated directly in terms of private sector growth - an overly narrow criterion -, achievements under the EPRP program should be evaluated in terms of their contribution to the broader and longer-term efforts toward bringing structural adjustments into the economy.

Mali's medium-term adjustment program addresses five major areas of economic policies:

- agricultural policy, especially increased food security and diversification in production;

- improvement in the incentive system, especially pricing and trade policies to reduce Government intervention and foster the role of the private sector;

- the reform of the parapublic sector;

- improvement in public resource management, especially by inducing a shift in current expenditures from personnel to supplies, revisions in the tax system to reduce distortions and increase its elasticity, improved public investment programming, and strengthening of the budgeting and expenditure control processes; and

- improvement in the financial position of the Government.

The measures adopted under the EPRP program and described above in Sections 2 to 4 were aimed at (i) facilitating the setting up of private business by removing the requirement of prior Government approval (agreement) under the new Commercial Code, (ii) introducing legislation for a more flexible pricing system, and (iii) reducing gradually import quotas and liberalizing import procedures through the replacement of the licensing system with the registration system. These measures must be seen as major building blocks in achieving the policy of providing incentives for improved resource allocation and stimulation of economic activity through the private sector and increased competition. As already mentioned above, the inclusion of those measures in the EPRP laid the foundation and was the necessary ingredient for the emergence and the development of a stronger private sector.

The fact that no visible or tangible impact on private sector growth can be easily identified as yet must rather be attributed to other factors which had perverse effects. Some of those factors are discussed below:

- the poor economic conditions since the 1985 sharp fall in the world market price for cotton, Mali's major export commodity; this led to a significant change in the economic and financial prospects for 1986 and for the medium-term, affecting adversely the private sector's perception of economic opportunities;

- the effective start in 1987 in implementation of the parapublic sector reform through divestiture and liquidation accompanied by sizable layoffs (some 3,200 staff) without the corresponding and more or less simultaneous partial purchase of assets and absorption of personnel by the private sector as had been originally assumed or anticipated;

- the current tight credit policy imposed by the monetary authorities subsequent to significant expansion of credit facilities to the Government and public enterprises in 1986 and early 1987, a situation compounded by the restructuring of the Banque de Developpement du Mali (BDM); and

- the limited market size for most modern sector firms.

The assessment of the impact on private sector growth of the EPRP measures in the area of tax reform should also be seen in the broader context of the prevailing economic situation during the past few years and of the medium-term structural adjustment policies pursued with respect to public resource management.

If the liberalization measures adopted so far have, to a large extent, formally set the stage for the development of private sector activities, it is important to address the remaining policy constraints and especially the still numerous practical barriers to the expansion of the private sector, especially of the modern sector.

The remaining policy constraints

Assuming undertakings under the SAF arrangement with respect to further price and trade liberalization by June 15, 1989 are respected, the system of price control should be continuously monitored with a view to eliminate all remaining administratively determined limit prices and preset profit margins by June 30, 1990, except for products which would be considered by the Government as essential from a social point of view. Furthermore, the "homologation souple" system should be eliminated as soon as possible, as it is already largely inoperative⁶.

⁶ For instance, as discussed in Appendix E, the system of homologation souple applicable to milled rice ("riz usine") originating from the "zones encadreées" is largely inoperative, since it is increasingly by-passed by

The numerous practical barriers

In the Malian context, the formal adoption of a more liberal framework, although a necessary condition to the gradual shift of economic activity from the public to the private sector, is not a sufficient one. Indeed, liberalization should be accompanied by simultaneous institutional measures directed at strengthening the movement from the informal to the formal sectors while, at the same time, encouraging the corporate segment of the modern sector to expand its activities through appropriate incentives. If not accompanied by legal, institutional and organization measures, liberalization will necessarily lead to an increasing imbalance between the formal and informal sectors, to increased penalization of the structured private sector, and to a shrinking of the capacity of the State to provide, as any State is supposed to do, essential administrative and public services to the population. This is the crux of the matter. Attention should be directed to the following:

- issues with respect to the legal framework

As already indicated earlier in the Report, there is a need to review the entire body of legal and regulatory texts applicable to economic activity in general with a view to (i) formally abolish all texts (past and present) which are no longer applicable or which are not in conformity with current policies; and (ii) harmonize and, if necessary update and revise, all currently applicable texts; and (iii) adopt any new text which may be necessary to complete legislation or ensure consistency among texts. The need to undertake such a task cannot be overemphasized. Indeed the current state of affairs maintains, facilitates, and perpetuates confusion, lack of understanding, incorrect interpretation, fraud, corruption, and smuggling by everybody, both in the public and the private sectors. Interviews with Government officials, "notaires", practicing attorneys, and businessmen confirm this need.

Also, in the area of the legal framework, consideration should be given to amend Article 335 of the Commercial Code by providing that the Limited Responsibility Company (Societe A Responsabilite Limitee - SARL) could be created by two partners instead of three as currently required. Similarly, consideration should be given to the introduction of the Limited Responsibility Company with only one partner (Societe Unipersonnelle a Responsabilite Limitee). Over the past few years, most European countries with latin legal tradition have adopted legislation to that effect partly to

traders entering the market.

encourage and develop private sector activities.

- issues with respect to transparency and information

There is a serious lack of information, transparency, and understanding, both among civil servants and economic operators, about what the current legal and regulatory texts do provide. This issue is closely linked to the one above. It is not an easy one, given the fact that legal and regulatory texts, in any country and in any system, are not readily comprehensible by laymen. It is even more so in a country where the general level of education is low. Efforts should be directed at explaining in simple and direct language and at publicizing in small pamphlets, in a comprehensive and self-contained manner, the essential aspects of the legal and regulatory texts or requirements applicable (i) to setting up a business, either by an individual or by a company, and (ii) to various economic activities or transactions. This is a slow and arduous process, but it has to be tackled in a more systematic way.

- issues with respect to the institutional and administrative framework

With the adoption of a more liberal economic system geared toward the gradual transfer of economic activity to the private sector, the role and functions of some public bodies, agencies, and administrative services need to be reviewed and revised so as to facilitate that transfer and serve economic agents. With respect to the regulatory framework, this applies especially to the DNAE, which should become a focal point - or so-called one-stop shop - where information, guidance, and assistance could be sought and obtained in three major areas of concern to private entrepreneurs, whether already established or interested in starting a business:

(i) the requirements for setting up a business either by an individual "commerçant" or by a company (i.e., all the requirements with respect to registration at the commercial court, incorporation, payable fees and dues, or any other formality provided or requested by other administrative services);

(ii) the requirements for entering into import activities (i.e., all the requirements with respect to obtaining the certificate of importation, to foreign regulations, to currency and other regulations such as for transport and insurance); and

(iii) the requirements for entering into export activities (i.e., all the requirements with respect to registration and to banking and currency regulations in foreign countries, as well as information on market opportunities for Malian products or any other information of interest to potential exporters).

- issues with respect to business and trade organizations

If it is desirable to gradually move to a more structured private sector in Mali, it is necessary for business and trade organizations to improve their image as true representative bodies of their membership, to strengthen their own structures, and to broaden their membership. Here also, this is a difficult issue in practice and there is no quick recipe. It implies not only a more confident relationship between the leadership and the membership and improved dissemination of information and guidance vis-a-vis the membership, but also trusted dialogue and feedback on a regular basis with the Administration. Two areas deserve immediate attention to help the private sector at structuring itself better:

- (i) to explore the possibility, jointly by the authorities and organizations such as the Chamber of Commerce, of introducing legislation or other regulatory texts by which some commercial or business activities could be undertaken only by individuals or companies meeting some standards with respect to technical, safety, health or any other appropriate benchmarks depending on the particular activity, without prejudice to competition. The "reglementation de la profession" is certainly a means by which more structuring and more specialization could be achieved in business and trading activities; however, in drafting such texts attention should be paid to avoid that regulations facilitate the formation of oligopolies or cartels; and

-(ii) to identify the needs of business and trade organizations, especially those of the Chamber of Commerce, with respect to improved management, organization, training, communication and liaison with members, and legal matters.

- issues with respect to the protection of business and appeals procedures

It was noted above that Commercial Courts have not been established yet, as required by the new Commercial Code. A weak judicial system combined with lack of information, arbitrariness in the application of laws and regulations, and a pervasive climate of fraud and corruption offers no protection to doing business in a legal, regular and structured way. It is a disincentive to potential entrepreneurs, an obstacle to the equitable settlement of claims, to the protest of unjust fines and penalties, and to the recovery of bad loans by the banking system. It generally encourages the "collusion between fraud and corruption". The authorities, assisted by representatives of trade and business organizations, bankers, "notaires", and attorneys should (i) join efforts in rapidly devising the ways and means by which Commercial Courts can be set up in accordance with the new Code; and (ii) draw

up an action plan, including training requirements, aimed at strengthening the judicial system.

CHAPTER THREE: THE FISCAL REFORM AND ACCOMPANYING MEASURES

1. Introduction

The tax system in Mali is generally perceived as highly confiscatory, insensitive to taxpayers ability to pay, and discriminating against savings and investment activities. These considerations provided the analytical basis underlying the EPRP fiscal reform component which aimed at (1) reducing the fiscal pressure and (2) strengthening the tax administration (see PAAD pp. 13-15).

Tax reform has been seen as an instrument for revitalizing the economy through the stimulation of the supply response. Taxes determine the investment climate and the efficiency with which resources are used, hence the speed and magnitude of supply-side responses to policy changes. Taxes, however, represent the main source of revenue for the government: a supply-side based fiscal reform is thus likely to run up against revenue-generating considerations. Thus the need for "compensating" measures aiming at strengthening tax administration, through which collection of fiscal receipts can be improved.

The EPRP fiscal reform component was designed along the above lines. First, the fiscal pressure was to be alleviated to some extent by reductions in the rate of major taxes such as: (1) the Contribution Forfaitaire (CF), (2) the Impot sur Benefices Industriels et Commerciaux (BIC), and (3) the Impot Minimum sur les Benefices Industriels et Commerciaux (a de facto Turnover Tax, on top of the IAS). To increase incentives for local manufacturing, the fiscal reform component also called for a realignment of customs duties. This involved lowering customs tariffs on imported raw materials and semi-finished goods and raising those on imports of finished goods using those materials. Concurrently, the officially set values for customs valuation purposes ("valeurs mercuriales") applied in the assessment of customs duties were to be revised upwards aiming at a more rational price structure. On another hand, revenue improvement was thought to materialize through (1) an expansion of the tax base (increase in registration of businesses), (2) readjustment of the officially fixed valeurs mercuriales, and (3) improved administrative efficiency. The latter would likely derive from the automation of tax returns by the Direction Nationale des Impots (DNI), the strengthening of the Brigade Nationale d'Investigations (BNI) and the cross-checking services, and finally the expansion of customs services computer facilities.

The EPRP fiscal reform component was duly implemented over the 1986-88 period, as evidenced in the following table.

Table 3.1. Implementation of EPRP Fiscal Reform Program

Fiscal Measures	Date of Implementation
Major tax measures initiated in 1986:	
1. Payroll Tax (CF) Rate decreased from 15% to 7.5%	March 86 (loi 86-50/AN-RM)
2. Realignment of the Droit Fiscal a l'Importation (DFI) for 53 raw materials and semi- finished products in 1986.	March 86 (loi 86-51/AN-RM)
3. Upward revision of the "valeurs mercuriales"	March & April 86 (arrete 1322/MFC-CAB & arrete 6981/MFC-CAB)
Major tax measures initiated in 1987:	
1. Reduction of the Business Income Tax rate (from 50% to 45% for corporations, and from 30% to 25% for individuals).	February 87 (loi 87-30/AN-RM)
2. Reduction of the Minimum BIC Rate (from 1% to 0.75%)	February 87 (loi 87-30/AN-RM)
3. Further realignment of the DFI for 55 raw materials and semi- finished products and 7 finished goods in 1987.	May 87 (decret 123/PG-RM)
Major tax measures initiated in 1988:	
1. Realignment of the DFI for another 60 raw materials and semi-finished products and 3 finished goods proposed in 1988.	May 88 (decret 137/PG-RM)
2. Further revision of the "valeurs mercuriales" and DFI for 60 goods	May 88 (decret 138/PG-RM) (arrete 3155/MFC-CAB)
Major Accompanying measures:	
1. Annual increase in the staff of the Brigade Nationale d'Investigations over the 1986-88 period	
2. Dynamization of the Cross checking system, with particular reference to wholesale activities.	
3. Readjustment of the "Forfaitaire" Flat Income Tax (tax computed on a presumptive assessment basis, for businesses without "organized" accounting system.)	
4. Sustained dynamization of Customs services.	

As spelled out in the PAAD (pp. 23-24), the intended program impact is twofold:

- (1) greater incentives for new investments, increased opportunity for trade, reduced incentive for tax evasion, and
- (2) a more equal distribution of the tax burden ⁸/.

The present chapter proposes to evaluate the actual impact of the EPRP fiscal component. In carrying out the evaluation exercise and as a general guideline, the reform measures implemented will be assessed with reference to the intended program impact, the program objectives defined in the PAAD, and the current validity of basic assumptions made at the time of the program design.

This chapter is divided into 7 sections. Following this introductory section, sections 2 and 3 deal with methodological issues. In section 4, the impact analysis of the fiscal measures implemented is presented. Section 5 follows with the evaluation of "accompanying" measures. In section 6, results of interviews with representatives of the local business community are presented. Section 7 concludes with an overall assessment of the EPRP fiscal reform component.

2. Methodological Issues

In theory, changes in the tax system affect the demand and supply curves in commodity and factor markets. This results directly in changes in revenue, resource allocation and distribution of income ⁹/.

To fully assess the impact of a tax change in any given sector, one should take into consideration the successive supply response to changes in relative commodity and factor prices across all sectors, and to the interactions in commodity and factor markets. Such considerations can be best accommodated in a multi-

⁸ it was argued that in the Malian tax system, "industries losing money pay nearly the same tax amount as profit making industries", and "richer households pay in proportion fewer taxes than smaller, poorer households".

⁹ indirect effects consist of the interactions between taxes and other economic policies. Taxes, for example, can influence the balance of payments and financial intermediation.

available. The DNI official responsible for setting up the sample was recently promoted and shipped off to GAO, without leaving any documentation on his work ¹¹/. For the same reasons, it was not possible for the consultant to assess the statistical validity of the sample, since no explanation can be found on the methodology followed in establishing the data base.

A preliminary analysis of the figures recorded leads to some unanswered questions. In one instance, the number of employees pertaining to firm #503 (Entreprise d'Egrenage de Coton, in the fifth sub-group) jumps from 566 in 1984 to 2,315 in 1985. The apparent discrepancy may come from some special characteristic of the firm considered, or simply from typing (or arithmetic) errors. At this juncture, there is no way to tell.

In another instance, the series of average monthly wages -- computed by dividing the monthly wages bill ("masse salariale") by the number of employees -- does not parallel the reported evolution of wages in industry and in the public sector (see table 3.2 below). Here again no explanation was available.

Furthermore, one is not certain whether in the sample, the 1984 figures are expressed in Francs Malien or these were already converted into FCFA.

¹¹ as a reply to the consultant's request for updating the sample, the Directeur National Adjoint of the DNI simply advises: "il vaut mieux recommencer a zero". Several PCU staffmembers were also present at this meeting.

Table 3.2. The DNI Sample Data Base: Average Monthly Wages.

	1984	1985	1986	1987
Aver. Wages 1/	78,938	51,464	67,263	60,818
(all 5 subgroups) % change		-34.8%	30.7%	-9,6%
Aver. Wages 1/ (excl. subgroup 5) % change	57,324	66,268	71,057	72,510
		15.6%	7.2%	2.0%
SMIG (FCFA) 2/ % change	9,730	12,730	12,730	12,730
		31%	0%	0%
GOV.SALARY (FCFA) 2/3/ % change	19,540	25,025	25,025	25,025
		28%	0%	0%

1/ computed by consultant.

2/ source: IMF Recent Economic Developments, July 1988.

3/ "Grade 100" salary, corresponding to low-level civil servants.

3.2. Operational value of the Sample

Notwithstanding the previous issues, the operational value of the sample is limited. The possibility to examine the collections performance of the taxes considered in the sample is excluded by the lack of information concerning the tax amounts effectively collected ¹²/.

Second, since investment expenditures are not recorded, there is no way to infer the impact of the fiscal reform on investment decisions.

Finally, it is not possible in the sample to distinguish which firms are of a private nature and which ones are parastatals. This distinction is important for our purposes, since privately owned firms are likely to base their investment and employment decisions on profit maximizing (or cost minimizing) principles, while parastatals behavior is more constrained by political considerations.

The following observations can nevertheless be derived from the sample (see Appendix F for details):

¹² only the "Tresor" has this kind of information.

(1) employment (for all five subgroups of firms) increased in 1985 (by 36%) and 1986 (by 16%), then decreased in 1987 (by 2%);

(2) excluding subgroup 5 (which includes item #503 previously mentioned) ¹³/, total employment relative to the 4 remaining ones increased in 1985 (by 2%), then steadfastly decreased in 1986 and 1987 (by 1% each year).

(3) business incomes (for all five subgroups of firms) surged in 1985 (by 33%), then fell (by 44%) in 1986, resulting in a substantial decrease in the BIC taxes due in 1987 (by 36%)

(4) excluding subgroup 5, business incomes for the 4 remaining ones increased steadfastly over the 1985-87 period: 8% in 1985, 9% in 1986 and 3% in 1987. In the meantime, the "chiffre d'affaires" for the first 4 subgroups dropped by 13% in 1986. This comes as a surprise, since business incomes (benefices realises) in 1986 rised by 9%, as mentioned earlier.

We compared the evolution of the sample indicators with that of aggregate macro variables (see table 3.3 below). These comments follow:

- Variations of the sample employment indicators loosely parallel the recent evolution of the secondary and tertiary sectors of the Malian economy.

- In 1986, the drop in business incomes (and in sales) pertaining to all 5 subgroups in the sample does not fit the overall pattern. In this year, real GDP grew by 19%, reflecting a weather-related recovery in the agropastoral sector and an upturn in the industrial sector. A possible explanation for the fall in business incomes (of all 5 subgroups) may be found in the problems confronting the public enterprise sector.

- Concerning the first 4 subgroups of firms, while the growth in business incomes parallels GDP evolution, there is still no explanation about the fall of their "chiffre d'affaires" in 1986.

¹³ in fact, Group 5 is composed of firms with more than 100 employees: it can be assumed that these are more likely state-owned than privately owned units.

Table 3.3. Evolution of Some Economic Indicators

	1985	86	87	88 prel.

	annual % change, in constant 1985 prices			
GDP in:				
Primary Sector	-5.9%	32.0%	6.1%	-0.1%
Secondary Sect.	5.7%	9.9%	-3.0%	-0.4%
Tertiary Sect.	4.4%	4.4%	3.5%	-1.6%
GDP (factor prices)	-0.8%	18.9%	3.9%	-0.8%

Index of Industrial				
Production	122	133	124	120
(1983=100)				

Source: IMF, Recent Economic Developments (July 1988) and BCEAO.

To conclude this section, the present Evaluation Team did not find the available sample data base very well suited for monitoring and evaluation purposes. More of this in the Chapter on Recommendations.

4. Impact of the EPRP Fiscal Reform Component

Short of a valid sample data base, a last resort possibility to assess the impact of policy reform measures consists in a simple analysis of the evolution of relevant indicators (such as employment, GDP, investment, etc.). However, in the case of the EPRP Fiscal Reform component, such an approach would not be entirely appropriate. Due to "exogenous" and coincidental factors, the impact of the fiscal reform may not clearly be defined. The positive supply response of the Malian economy to a tax cut can be easily swamped by exogenous developments such as:

- (1) weather-related crop production,
- (2) credit situation, and
- (3) restructuring of the parastatal and public sector.

To isolate the economic effects due to fiscal measures per se, a deductive analysis is now proposed. This approach will be further complemented by interviews with representatives of the local business community.

Before any attempt to measure the impact of the fiscal reform, we find it helpful, first, to assess the scope of the reform package, and put things in perspective. This will be carried out in sub-section 4.1. In sub-sections 4.2 through 4.4, we will

investigate the employment and investment impact of the tax reform. Sub-section 4.5 provides an analysis of the impact of the customs tariff reduction. Sub-section 4.6 deals with the harmonization of the IAS. Finally, sub-section 4.7 addresses the issue of collection performance of various taxes over the 1984-88 period.

4.1. The Context of the Fiscal Reform

It should be noted from the start that the EPRP fiscal reform component appears to be limited in scope. According to the PAAD, projected cumulative tax revenues over the 1986-88 period amount to about FCFA billion 240 (or about FCFA billion 80 per year). Over the same time period, estimated revenue shortfalls due to tax cuts total FCFA billion 6 (representing about 3% of tax revenues). In 1985, GDP stands at FCFA 475 billion and fiscal revenues at FCFA 70 billion. The fiscal pressure in 1985, as measured by the ratio of total revenue to GDP, is about 15%. Hence, on a strict ceteris paribus assumption, a three percentage point cut in total tax revenues would only lead to a half percentage point decrease in the fiscal pressure ratio, net of better collection efforts. Fiscal pressure would go from 15% to 14.5% ¹⁴/.

Table 3.4. Fiscal Pressure in Mali

	1985	86	87	88	Total
in billions of FCFA					
1. Projected Tax & Non Tax Revenues	70	74	80	86	240
2. Projected Revenue Shortfall		1.2	2.5	2.6	6

Source: PAAD

Though modest, the intended decrease in fiscal pressure can still be beneficial to the economy. Econometric analysis for a sample of 30 Sub-Saharan African countries, over the 1966-82 period, shows that "each percentage point increase in the ratio of tax revenue to GDP is associated with a reduction in the growth

¹⁴ in fact the fiscal pressure is concentrated in a way that provides incentives to formal business sector.

rate of GDP by a quarter of a percentage point" ¹⁵/. (It should be however noted that it is not just the amount of pressure but also its distribution that matters.)

In the same vein, a half of a percentage point decrease in the ratio of tax revenue to GDP in Mali can be expected to bring forth an augmentation in the growth rate of GDP by an eighth of a percentage point, on a ceteris paribus basis. Quite a small improvement, but still a step in the right direction ¹⁶/.

4.2. Impact of the Payroll Tax Cut on Employment

To assess the impact of the Contribution Forfaitaire (CF) tax cut on employment decisions, it is necessary, first, to evaluate the extent to which a halving of the CF contribute to decrease total labor charges. In Mali the latter include : (1) wages, (2) the CF itself, and (3) Social Security charges (estimated at 15.6% of total wages). When all these are taken in consideration, a halving of the CF only leads to a 7% decrease in total labor charges.

What effect would a 7% decrease in labor costs have on the demand for labor ? Assuming all other things unchanged, the demand for labor would increase. The extent to which it will do so depends on the econometric estimate of the "demand elasticity" of labor in Mali.

In 1985/86, employment in the modern private sector (excluding public enterprises) was estimated at 12,000 ¹⁷/. With employment in the public sector declining, any response to a decrease in labor costs would likely come from the private sector. The annual flow of young graduates was estimated at 3,400. To fully absorb this annual flow, private sector employment would need to rise to 15,400, i.e. by 28% from its initial base. With a 7% percent decrease in labor costs, this would imply a demand elasticity of -4.0. The latter is unrealistically high: in the consultant's limited knowledge, available econometric evidence in other countries usually show much smaller values.

¹⁵ "Tax Policy in Sub-Saharan Africa: A Framework for Analysis" by Z. Shalizi and L. Squire, World Bank Policy and Research Series, December 1988.

¹⁶ Actually, the fiscal pressure in 1986 and 1987 had not decreased. It is however too early to draw conclusions.

¹⁷ source: A Study of the Business Climate in Mali, DAI, September 1988.

The previous fictive demand elasticity value serves the purpose to delineate the limit to private sector employment generation, that can be expected from a modest decrease in labor costs, given the actual environment.

Let us now further our analysis by assessing the extent to which total production costs would decrease, following a halving of the payroll taxes. Data derived from the 1976 Input-Output Table of Mali (see Appendix G) show that wages stand on average at 10% of total production costs ¹⁸/. Thus, a halving of payroll taxes would lead to about one percentage point decrease in total production costs.

Whether the employment effect of a 1% decrease in total costs (which is equivalent to a 7% decrease in labor costs) is significant or not depends on specific conditions faced by each firm. However, it is generally safe to argue that managers do not hire new employees essentially on the basis of lower costs. New hirings depend on the evolution and projection of sales figures which are linked to opportunities for market expansion. At present, the latter is dramatically absent in Mali, and local demand is possibly at its lowest. Credit is tight. Many parastatals have been dismantled, their workers dismissed and the gap has not yet been filled by private businesses. Civil servants have also not been paid on a regular basis.

It is the opinion of the Evaluation Team that the halving of the payroll tax, though beneficial to the cash-flow situation of Malian businesses, only plays a modest role in alleviating the local unemployment crisis.

In Mali, the private sector is small (in terms of employment) and not very well structured ¹⁹/: in the short-term, there is no possibility for the private sector to absorb rapidly all workers laid-off from the parastatal sector ²⁰/. While inefficient parastatals should be restructured, this process should not be

¹⁸ Incidentally, from the DNI sample data base, the ratio of labor costs (wages+CF+Social Security charges) to a "proxy" for production costs (Chiffres d'Affaires - Benefices Realises) stands at about 7%.

¹⁹ see "A Study of the Business Climate", op. cited.

²⁰ this is also the opinion of PNUD labor experts with whom the Evaluation Team had a meaningful working session.

- a free and automatic allocation of resources from the public to the private sector is not realistic, given all kinds of rigidities in local markets. The bottom line is that the private modern sector needs to be nurtured before it can take over the role so far played by the public sector.

4.3. Impact of the BIC Tax Cut on Investment

Business incomes and profits are heavily taxed in Mali. Tax rates are applied first at the business level (BIC on income, and IRVM on business dividends) and then again at the personal level (through the IGR). Marginal rates can reach 77% for incorporated incomes and 63% for individual business income ²²/.

Let us now investigate the effects on business earnings, of the EPRP tax cuts in the BIC.

Legally fixed gross margins range from 14% to 18% for several industrial activities, and from 15% to 30% for several commercial activities (see arrete 1423/MFC-CAB, March 1987). Assuming that all profits on earnings are distributed to the shareholders ²³/ of a corporation with annual taxable income greater than FCFA 2 million (corresponding to a 50% IGR tax rate), it is straightforward to compute for the pre- and post-reform net earnings from business income going to local entrepreneurs.

sector cannot even be elliptically called half successes (in terms of absorption of laid off workers by the private sector).

²² including IRVM, see "A study of the Business Climate in Mali", op. cited.

²³ IRVM tax rates on distributed dividends are set at 18% for most business incomes.

Table 3.5. Computation of Net Earnings

Industrial Activities

1. Net of Tax Corporate Earnings:

Pre Reform Earnings: $18\% * (1-50\%) * (1-18\%) * (1-50\%) = 3.7\%$ Post Reform Earnings: $18\% * (1-45\%) * (1-18\%) * (1-50\%) = 4.1\%$

2. Net of Tax Non Corporate Earnings:

Pre Reform Earnings: $18\% * (1-30\%) * (1-50\%) = 6.3\%$ Post Reform Earnings: $18\% * (1-25\%) * (1-50\%) = 6.8\%$

Commercial Activities

1. Net of Tax Corporate Earnings:

Pre Reform Earnings: $30\% * (1-50\%) * (1-18\%) * (1-50\%) = 6.2\%$ Post Reform Earnings: $30\% * (1-45\%) * (1-18\%) * (1-50\%) = 6.8\%$

2. Net of Tax Non Corporate Earnings:

Pre Reform Earnings: $30\% * (1-30\%) * (1-50\%) = 10.3\%$ Post Reform Earnings: $30\% * (1-25\%) * (1-50\%) = 11.3\%$

As shown in the above table, the increase in net earnings rates due to the tax cut, in all cases, does not exceed 1%.

It is a moot point to determine the extent to which local entrepreneurs' behavior can be affected by one percentage point increase in their net earnings rate. Rather than confronting directly this difficult issue, we tried a more round-about approach.

The following question was asked to several representatives of the local business community and officials of the Chamber of Industry and Commerce: "in consideration of the actual situation in Mali, what is the minimum net of taxes rate of return ²⁴/ (or the minimum pay back period) you would accept in order to justify new investment expenditures". The answers obtained range from 10% to 25% (corresponding to a payback period declining from 10 to 4 years ²⁵/). The 10% benchmark is by far higher than what most Malian entrepreneurs are getting now (see table 3.5 above). From these, it can be inferred that a one percentage point gain in net earnings rates would not likely stir the "animal spirits" that urge Malian industrialists to carry out new investment plans. (Unincorporated

²⁴ in fact, this comes close to the concept of markup reduced by taxes shown in table 3.5., at least as far as industrialists are concerned (refer to discussion on Pricing Regulations in Chapter Two).

²⁵ Oppenheim reported a pay back period of 10 years.

commerchants earn more than 10%, however distribution costs have yet to be deducted from their earnings: see discussion on current pricing regulation in Chapter Two.)

To affect entrepreneurs' investment behavior, a halving of the BIC, IRVM and IGR taxes would be required (see Appendix H). A very bitter pill indeed for any government in the world to swallow!

Whether the observations derived from the above numerical simulation can be generalized depends on the "statistical representativeness" of the sample of businessmen interviewed. It is always risky to jump to a hasty conclusion. It is however safe to argue that investment decisions do not depend uniquely on the expected rate of return since they are equally affected by effective production capacity of the firm, opportunities for market expansion and, last but not least, access to financing.

Concerning the first point, previous studies by Oppenheim and DAI experts already pointed to an underutilization of established productive capacity in most firms in Mali (from 25% to 70% of potential productive capacity). Recent interviews with a group of local businessmen (see Table 3.8. below) confirm the previous findings.

Second, opportunities for market expansion are lacking in Mali. The local market is small with a population of 8 million, 80 % of which labors in agricultural production. Purchasing power is limited, with a GDP per capita of \$ 230 ²⁶/, and further constrained by arrears in salaries due to workers in the public sector. As reported in the pre-cited DAI study, there is also "a tendency to oversaturate successful markets rather than to identify new ones".

Third, domestic credit to the private and public enterprises sector fell in 1987. This is due to the liquidity problem of the BDM, and tight credit policy pursued by authorities. The latter includes a tightening of rediscount facilities, imposition of severe sanctions on banks for credit extended either in excess of authorized amounts or without prior authorization, and requirement of significant cash deposit with request for bank guarantees on letters of credit. To complicate the situation, interest rates were raised in December 1988, and again in April 1989.

As a last observation, it should be noted that whatever relief could have been derived from a lowering of the BIC rates, it has been offset to some extent by modifications in the patente (loi 88-32, February 1988). Businessmen complain that patente payments due for 1988 effectively doubled, as compared to payments due for 1987. The patente is comprised of a fixed amount and a proportional

²⁶

source: IMF Recent Economic Development, July 1988.

amount of the rental value (including equipment) of the locale occupied by firms. In some instances, the patente may consist only of a variable tax on the number of machines in operation. It is not hard to see that a doubling of the patente not only does not encourage capital expenditures, but also discourages firm expansion, especially in industry.

The Patente is a type of business license. Patentes are wide spread in French speaking African countries, assumedly a vestige from their pre-independence days. One thing for sure: it is easy to collect. However, the patente is now considered by French fiscalists as "anti-economique"²⁷ as it thwarts firm growth. In Mali, while the recent modification in the patente contributed to "stabilize" budgetary revenues, it has not promoted the "structural adjustment" needed!

In light of the above arguments, it is certainly hard to contend that the reduction in the BIC tax rates, by itself, has unequivocally contributed to a resurgence of investment activities in the private sector in Mali. The tax cut certainly provides the right incentives to investment, but the question is to what extent these were strong enough to counterbalance the "perverse" influences coming from either conjunctural difficulties (such as the credit crunch in 1987, and the financial problems faced by the Government) or structural rigidities (such as the exiguity of local markets).

4.4. Compound Effects of the BIC and Payroll Tax Rates

In part due to an unfortunate conjunction of external factors, the tax cuts in the CF and the BIC had not been associated with significant generation of new investments and jobs. It can be argued nevertheless that these measures have been beneficial to private businesses, in providing the latter with more financial "breathing room". Let us consider a fictional average businessman who enjoys an 18% gross margin and for whom total labor costs account for 10% of all production costs.

²⁷

see any new French fiscal textbook !

Table 3.6. Computation of Cash Flow

	pre-Reform	post-Reform
Total Costs	1000	993
of which labor 1/	100	93
other costs	900	900
Sales	1180	1180
Gross Margin	180	187
BIC due 2/	90	84
Net Margin (Cash Flow)	90	103
% Change in Cash Flow		14%

1/ 7% percentage cut in total labor costs due to the halving of the CF.

2/ BIC rate declining from 50% to 45%. (This is a simplification of how the BIC is calculated, without any loss of generality.)

As substantiated in the above table, the cash flow situation has been greatly improved following the double tax cut. This will contribute to keep businesses afloat, in an otherwise depressed environment. Whether the gain in cash flow will or will not be used for new hirings and investment expansion depends however on the set of exogenous factors previously mentioned.

To conclude this section, the Evaluation Team believes that the tax cuts granted by the Government have been on the whole beneficial to the local business community. The Team does not however believe that these fiscal measures had a spectacular impact on the development of the private sector. For one thing there is no evidence of new investment or significant growth in employment. It has been shown that the tax relief was relatively modest to start with: for that reason no spectacular impact can be expected in consequence. And this is the more so, since the private sector in Mali is relatively unstructured, and local entrepreneurial and management skills are known to be scarce. Under the circumstances, no automatic and instantaneous expansion of this sector following the "right" fiscal signals can be realistically assumed or expected. To complicate the situation, there has also been a conjunction of "exogenous" factors affecting the growth of the private sector in an adverse manner. The bottom line is that, the positive incentives generated by the tax cuts were dampened by adverse factors.

4.5. Realignment of the DFI

Over the past three years, DFI (Droit Fiscal a l'Importation) rates applying to a large group of raw materials and semi-finished goods have been cut, with a view to remedy the negative "effective protection" borne by local entrepreneurs. The officially fixed "valeurs mercuriales" (for customs assessment purposes) have also been mostly increased.

According to customs officials, these measures have presumably eliminated distortions whereby imports for local production were taxed more heavily than the tariff protection awarded to locally produced final goods. From recent interviews with local firms (TOLMALI and SOMAFAM for example), that seems to be the case.

Some imports are still subject to restrictions ("contingentement"). The list of restricted imports overlaps with the list of imports for which the DFI has been reduced (for example textiles). Under these circumstances, nominal tariffs are not relevant measures of the true costs borne by importers. And in theory, it is possible that some products are still under negative effective protection ²⁸/.

From the 1976 input-output table reproduced in Appendix G, imports account on average for about a quarter of total production costs. A reduction in customs tariffs (through the DFI) of raw materials would decrease costs borne by entrepreneurs and contribute to give them more financial "breathing room". However, this may not be so in Mali, since the officially fixed "valeurs mercuriales a l'importation" for other types of imports (that may go into the production process of local firms) have been raised and may offset the cost-alleviating effect of the cut in the DFI rates. Without further detailed analysis, it would be certainly hasty to jump to the conclusion that the reduction in DFI rates effectively decreased production costs!

At the present time, effective customs tariffs (including Droit de Douane, DFI, IAS and CPS) range between 0% to 100%. The unequal level of tariff protection of different product categories is likely to cause distortions in commodity markets.

Businessmen also complain about high tariff rates. The latter is reflected in the high share of indirect international trade taxes in total tax revenues (see Appendix I). This situation is not desirable since excessive reliance on tariff revenue for budgetary support is known to introduce a bias against export industries. It is also known that high tariffs provide strong incentives for

²⁸ in the opinion of the Team, there is a need to carry out a detailed study on Effective Protection rates at the sectorial level.

fraud. As a corollary, a lowering of tariff rates may produce more revenue, since people would have less incentives to cheat ²⁹/.

Customs officials are now considering a thorough revision of the tariff system, with technical assistance from the multilateral donors. Measures envisioned included the replacement of restrictions by equivalent tariffs, simplification of the tariff system and a minimum dispersion in the range of tariff rates retained.

4.6. Harmonization of the IAS

The IAS is collected on imports and domestic transactions. Agricultural transactions are not subject to the IAS. Under EPRP reforms, IAS rates on imports and domestic goods have been harmonized at three levels (10%, 20% and 40%). There are still some problems with the IAS. For example, the computation of IAS liability at the "cordon douanier" takes into account a TTC basis ("Toutes Taxes Comprises" basis which includes the IAS itself) while IAS on locally produced goods are based on a HT basis ("Hors Taxes" basis). The end result is that the effective IAS taxation rates on imports and on local products are still not the same. Another shortcoming with the IAS is the less than complete deduction of expenditures at intermediary stages of production.

Government officials are now planning to replace shortly the IAS by a standard model VAT based on consumption.

4.7. Collections Performance for Various Taxes

Collections performance is measured by the ratio of tax payments (collections or liquidations) over tax assessments. The evolution of collections performance for major taxes in Mali, over the last few years, is shown in the following table.

²⁹ in fact this would probably need to be accompanied by closer enforcement and higher penalties.

Table 3.7. Tax Assessments & Collections in Mali
(in FCFA millions)

Tax	1984	85	86	87	88
ASSESSMENTS					
BIC	4,882	5,537	6,489	4,619	4,814
Publ. Sect 1/	1,015	736	975	620	822
Private Sect.	3,867	4,801	5,514	3,999	3,992
COLLECTIONS					
BIC	4,154	3,847	4,670	2,949	3,215
Publ. Sect 1/	768	598	750	436	436
Private Sect.	3,386	3,249	3,920	2,513	2,779
COLL. PERFORMANCE					
BIC	85.1%	69.5%	72.0%	63.8%	66.8%
Publ. Sect 1/	75.7%	81.3%	76.9%	70.3%	53.0%
Private Sect	87.6%	67.7%	71.1%	62.8%	69.6%
ASSESSMENTS CF	2,201	2,683	1,982	1,483	1,614
COLLECTION CF	1,651	1,880	1,483	1,303	1,332
COLL. PERF. CF	75.0%	70.1%	74.8%	87.9%	82.5%
ASSESSMENTS					
IAS 2/	6,691	8,148	8,994	8,125	9,052
Publ. Sect 1/	2,803	3,446	3,541	2,326	2,451
Private Sect.	3,888	4,702	5,453	5,799	6,601
COLLECTIONS					
IAS 2/	5,025	5,933	7,262	7,260	6,957
Publ. Sect 1/	1,865	2,157	2,328	1,633	1,462
Private Sect.	3,160	3,776	4,934	5,627	5,495
COLL. PERFORMANCE					
IAS 2/	75.1%	72.8%	80.7%	89.4%	76.9%
Publ. Sect 1/	66.5%	62.6%	65.7%	70.2%	59.6%
Private Sect	81.3%	80.3%	90.5%	97.0%	83.2%
ASSESSMENTS IGR 3/	1,417	1,852	2,035	2,129	2,155
COLLECTIONS IGR	1,210	1,510	1,763	2,037	1,957
COLL.PERF. IGR	85.4%	85.5%	86.6%	95.7%	90.8%
ASSESSMENTS					
Cust. Duties	23089	25555	28453	28105	22643
COLLECTIONS					
Cust. Duties	19234	20966	23037	21815	20847
COLL. PERFORMANCE					
Cust. Duties	83.3%	82.0%	81.0%	77.6%	92.1%

1/ "public Sect." includes 100% state-owned enterprises.

2/ does not include the IAS from the "cordon douanier".

3/ IGR "retenues" only, excluding IGR "role".

Source: DNI, DND and Tresor.

The above table draws the following comments:

(1) The decline in BIC collection performance has been attributed by some observers to a relaxation of administrative efficiency. This may not be so. As explained by Treasury officials, this lackluster performance may come from two factors: the difficult economic conjuncture and the financial situation of the BDM. In the past, taxpayers could be persuaded to pay by threats of closing down their business. This is no longer true, the current business climate being so bad, taxpayers do not care about being closed down. Furthermore, whereas in the past they could borrow from the BDM to pay off taxes due, this source of financing is now no longer available to them.

(2) Looking at the evolution of BIC assessments and collections, there has been a decrease in the figures recorded (especially for the private sector) since 1987. This is due to conjunctural difficulties and to the BIC tax cuts (as expected). It is however strange that conjunctural difficulties do not seem to affect IAS assessment and collection figures, especially pertaining to the private sector, that have increased since 1986. Unfortunately, we do not have detailed data to shed more light on this issue.

(3) IAS collection performance appears to be sagging in 1988: this is explained by a contested tax assessment of FCFA billion 1,2 (due by SOMAPIL), which has not been paid. According to DNI officials, only part of the amount contested will be paid next year.

(4) Concerning the Contribution Forfaitaire, assessment and collection figures have dropped since 1986, which reflect the CF tax cut and the lay-off of parastatal employees. Collection performance has nevertheless been increasing, and the efforts provided by DNI collection agents are to be commended.

(5) For the IGR "retenues", collection performance ratios seem to progress in a satisfactory manner.

(6) Concerning customs duties, the sharp drop in collection in 1987 comes from a readjustment and consolidation of assessments due (since 1983) by businesses that have ceased to exist, at the time of the readjustment, and by on-going businesses that contested the assessment. At stake was FCFA billion 2,5, of which FCFA billion 1 is due by SEPOM, FCFA million 427 by CMDT and FCFA million 446 by ITEMA.

According to DND officials, the drop in customs duties assessments in 1988 is due to a fall in imports (especially imports that are not exonerated from duties).

5. The Accompanying Measures

These measures include the strengthening of the Brigade Nationale d'Investigation, dynamization of Cross Checking services, and intensification of fiscal and customs controls.

These are necessary measures for revenue enhancing purposes. However, in the local context, they can generate perverse results. The reason is as follows. The fiscal and tariff system is very complex in Mali. This lack of transparency leaves the door open to all kinds of interpretation of tax regulations by control agents. Under these circumstances, more controls do not necessarily mean improved administrative efficiency and enhanced revenue collection. They can be looked upon by economic agents as increased bureaucratic "pestering", and another highly valid reason to join the informal sector.

In fact, businessmen interviewed often complain about too many visits by control agents with contradictory views on the way current regulations should be applied.

6. Interviews with Local Businessmen

To ensure continuity in the monitoring process, we tried to include the 19 firms mentioned in Oppenheim's report in our visits to local businesses. Unfortunately, some could not be reached. The following table provides an update on the employment and capacity utilization situation for the sample.

Table 3.8. Firms Visited: Employment and Capacity Utilization.

	1987		1989	
	# empl.	Cap. U.	# empl.	Cap. U.
BRAMALI	80	40%	could not be reached	
GMM	400 *	45%	65	50%
UMPP	198	-	could not be reached	
SOACAP	30	75%	could not be reached	
SADA DIALLO	425	70%	425	70%
SODEMA	120	-	50	60%
MALIGAZ	25	-	24	60%
TOLMALI	26	70%	26	40%
TIDON KANTE	4	8%	could not be reached	
SOMAFAM	75	60%	75	50%
METAL SOUDAN	200	45%	180	40%
SOMEPAK	107	25%	115	25%-30%
SOMAC	43	30%	could not be reached	
COMAMOUSSE	37	30%	could not be reached	
ITEMA	910	50%	could not be reached	
IMACY	74	-	74	50%
SOMAPIL	240	70%	could not be reached	

Source: "Policy Reform and Private Sector Development: The Case of Mali", J. Oppenheim, June 1987 and recent interviews with local businessmen.

* 1987 data may not be comparable to 1989 figure.

As can be seen in the above table, on the whole, for firms that could be reached, employment has decreased since 1987. Only SOMEPAK proceeded to new hirings: according to the director, this can be linked to the obtention of an exclusive contract for distribution of vinegar over Mali.

On the other hand, there seems to be no improvement in capacity utilization since 1987.

The businessmen interviewed are unanimously supportive of the tax cuts, as expected. However, in the whole, they do not think that these are important enough to induce new hirings and new investment expenditures. This is the more so since most firms still operate at less than full capacity.

Asked to enumerate factors perceived as detrimental to their business growth, the managers interviewed mentioned the following:

- exiguity of domestic markets,
- ferocious competition from the informal (hence untaxed) sector,
- high tariffs for imports,
- limited access to credit,
- frequent "pestering" by administrative services,
- lack of transparency in legal texts and procedures.

The above findings appear to give empirical support to the conclusions derived previously from our deductive analysis.

7. Overall Assessment of the EPRP Fiscal Reform Component

In reference to the program objectives and intended impact defined in the PAAD, the implemented fiscal measures can be considered as necessary but insufficient achievements. On another hand, with respect to the particular context of Mali, these measures (along with the changes in the regulatory framework) represent a courageous break from the old mold, and a step toward economic liberalization.

7.1. Necessary but Insufficient Achievements

The program objectives and intended impact consist in greater incentives for new investment and hirings, and greater social equity.

With respect to the first set of objectives, the fiscal measures implemented did provide some financial relief to the business community. These measures also provided the right incentives to private sector growth. There are however no clear indications that employment and investment have increased in consequence. Some qualifications follow.

In theory, tax induced supply responses are most effective in a distortion-free environment. Resources are most efficiently mobilized and allocated when they can move freely. The initial designers of the EPRP package seemed to be quite aware of this fact. This is clearly reflected in their basic assumption that the EPRP fiscal component "was undertaken in the context of continued various policy reform activities involving major donors" (IMF, IBRD, etc.).

In fact, actual developments contradicted the assumptions made. Negotiations for the World Bank funded Reform Program for Parastatals broke off in 1986, and were not completed until 1988. Disbursements of the IMF stand-by funds are lagging, due to non compliance with program conditionalities. Since 1986, policy reform activities have not been carried-out on a sustained basis, and there are still many distortions around.

At the same time, negative developments in several fields -- not foreseen at the time of the program design -- contribute to offset to some extent the positive reform efforts. These are : the constrained access to credit, the accumulated debt arrears of the Government, the drop in cotton export prices in 1985 (with negative repercussions in 1986), and the modest GDP growth rate in 1987 and 1988.

The exiguity of local markets, lack of managerial skills and lack of transparency in regulations also contribute to retard the growth of the private sector.

To promote growth in the private sector, any further drastic decrease in tax rates is not very realistic, in light of the current revenue shortfalls, and especially in presence of all kinds of rigidities and distortions that still characterize the Malian environment. The logical alternative would be to focus on the non-fiscal impediments to private sector growth. Supply responses to tax cuts can be effective only if resource mobilization and allocation are not hindered by legal, institutional and organizational constraints.

Now, with respect to social equity, there are no clear indications that the distribution of the tax burden has been improved by EPRP fiscal reform. The results are mitigated.

First, with the decrease of the minimum BIC rate (from 1% to 0.75%) based on turnover of loss-making firms, it can be argued that now "industries losing money pay relatively less in taxes than profit-making industries". This is so since the relative decrease in the minimum BIC tax rate (0.25% over 1%) -- for loss-making firms -- is higher than the relative decrease in the "regular" BIC rate (5% over 50% or 5% over 30%) for profit-making firms.

Second, the "Forfaitaire" Flat Income Tax applied to businesses without modern accounting system has been increased. Since there is no way to know the gross margin realized by these businesses, no comparison (in terms of ability to pay) with more "organized" businesses is possible³⁰/. However, from our interviews with local businessmen, there is a recurring complaint about the

³⁰ in fact the share of revenues from the "Forfaitaire" Tax in total BIC tax revenues appears to be modest.

structured sector bearing all of the fiscal burden, while non-structured activities and informal ones can go free.

Industrial activities are more structured than commercial ones. It is not surprising that most businesses paying the "Forfaitaire" Flat Income Tax are of a commercial nature. For that reason, some people believe that commercial entrepreneurs have more "flexibility" than their counterparts in industry.

Third, since the IGR was not altered, its schedular structure still favors larger and richer households, as opposed to smaller and poorer ones ³¹/.

Finally, current fiscal regulations are still very complex and open to divergent interpretations. A priori, there can be no improvement in equity when the "obligation to pay" still depends less on the "ability to pay" than on the subjective interpretation by officials of the taxpayer's "ability to pay".

7.2. Towards Economic Liberalization

While of limited economic impact, the EPRP fiscal reform has had a tremendous psychological importance in Mali.

The reform is very popular and well acclaimed by local businessmen. Besides the fact that they now pay less taxes, the latter considered the implementation of the reform program as the manifestation of a genuine desire of authorities for economic liberalization and growth. In the past, Mali has evolved from a "Colbertist" economic ideology in its pre-independence days, to a centrally-planned socialist model in more recent times. To break loose from such a heavy and long heritage is not an easy undertaking. It has nevertheless been accomplished by the Government, and the EPRP has been instrumental in promoting the ideological change. All the measures implemented contributed to push the economy into a more market-oriented environment.

The move is also well perceived by government officials. Officials from the DNI are now looking forward to further reforms in the fiscal system, starting with the VAT. Meanwhile, customs officials have gone so far as to acknowledge the shortcomings in the current tariff system and candidly admitted the need for further changes (see Appendix J).

Consumers have also benefitted. Due to economic liberalization, there is now an opulence of all kind of goods in

³¹ see "Mali: A Study of Personal Income Taxation" by G. Mackenzie, IMF Fiscal Affairs Dpt., December 1982.

Bamako, which contributed to keep inflation down. The Evaluation Team was told of an instance whereas a can of concentrated milk (tradename "Bonnet Rouge") now freely imported from Europe by several importers, is sold at FCFA 500 (retail price). Three years ago, when the SOMIEX had an exclusive distribution right, the same product costed FCFA 750. It should be mentioned that in the past, powdered milk received export subsidies from the EEC. It no longer does today, so that its landed import cost (in Mali) is much higher now than it was three years ago. Nevertheless its retail price in Bamako has since decreased!

To conclude this section, the Evaluation Team believes that the efforts provided are significant steps in the right direction. However, compared to the importance of the tasks remaining to be completed, these efforts are still insufficient: the gains so far gathered need to be consolidated by further reforms.

CHAPTER FOUR: RECOMMENDATIONS

The EPRP Fiscal and Regulatory Reform component was instrumental in moving Mali toward a market-oriented economic environment. The progress so far achieved needs to be consolidated and reinforced by further policy and institutional measures.

It should be noted from the outset that the modern private sector in Mali is relatively small, and competes with the informal one already existing for centuries. To break from traditions is difficult, and expectations for quick and spectacular results should not be unwisely fostered. It will take time to develop the modern private sector into a viable alternative to the informal sector and to the public sector. The developing process will necessitate sustained efforts in many complementary directions.

Supply response to further tax cuts, alone, appears to be limited, due to formidable policy constraints and institutional barriers.

The first set of recommendations deals with the need to address the remaining policy issues and numerous institutional and practical barriers to private sector growth under the current regulatory framework.

At the same time, there is room for improvement in fiscal matters. Previous work by the IMF ³²/ has pointed to specific areas for improvement: many of those have not yet been considered by the Malian authorities. The present Evaluation Team does not have the intention to duplicate work already carried out by IMF experts. The Team simply looks forward for further revenue-neutral simplification of the tax system in Mali. This will be the focus of our second set of recommendations.

A third set of recommendations addresses the methodological issues concerning the monitoring and evaluation of future policy reforms.

A fourth set of recommendations addresses the perceived shortcomings in the "accompanying measures" to the EPRP fiscal reform.

Finally, a fifth set of recommendations addresses the need for dealing with some policy constraints in an explicit manner: (i) the need for a more global private sector promotion strategy; and (ii) the need for a more flexible credit policy.

³²

see for example "Mali: La Reforme Fiscale", aide memoire by Messrs Abdel-Rahman, Benbrik and Soubias, IMF, 28 Octobre 1985.

1. Improvements in the Regulatory Framework

1) The price control system should be continuously monitored with a view to eliminate all controls by June 30, 1990, except for socially-sensitive products or services. In this connection, conditionality attached to tranche release in a proposed second phase of the EPRP should be closely coordinated with the IMF under the SAF arrangement.

2) Further disbanding of public monopolies/monopsonies should be pursued and implemented with the assistance of donors, with specific reference to the restructuring of parastatals.

3) The Malian authorities should consider several measures to improve the legal framework applicable to business activities with a view to strengthen the existing modern private sector and encourage the transfer from the informal to the formal sectors:

- the establishment of a National Commission to review the entire body of legal and regulatory texts applicable to economic activity in general to ensure (i) abolition of obsolete texts, (ii) harmonization, revision, and updating of currently applicable texts, and (iii) the enactment of any new necessary text. Such a Commission should be assisted by a team of lawyers and specialists in public, administrative, and commercial law.

- the amendment of the Commercial Code to allow the creation of Limited Responsibility Company (SARL) by two partners instead of three and the creation of Limited Responsibility Company by one person only (Societe Unipersonnelle a Responsabilite Limitee). This would greatly facilitate the development of the formal sector by individuals, a process certainly better adapted to the Malian context where opportunities for the creation of larger corporate structures, such as "societes anonymes", are indeed very limited, mainly due to market size.

4) There is a need for the Government and trade and business organizations, such as the Chamber of Commerce, to develop a strategy and a plan of action over a five-year period designed to improve the flow of information and facilitate the transparency and understanding of the legislative and regulatory texts applicable to economic activities. This strategy and plan of action should be directed at both civil servants responsible for the application of the texts and at economic operators. The plan of action should include details about the financing required for its implementation, timetables, and respective responsibilities between Administration and trade organizations. As part of that strategy, the content of the Daily Bulletin published by the Chamber of

Commerce could be improved by providing to its readers more analytical insight into the rationale for a more liberal economic system and better and more comprehensive information about the economic policies pursued by the Government. This would require of course support to the Chamber.

5) The Government should undertake a review of the role and functions of some public bodies, agencies and administrative services in the light of its declared policy of gradually shifting economic activity from the public to the private sector. Given the liberalization of the pricing and foreign trade regimes, it is the DNAE which will be most affected by the changes in responsibilities and duties. The DNI and the DND will be affected to a lesser extent. A detailed definition of the new role of the DNAE and identification of its needs to fulfill it should be undertaken as soon as possible. The Evaluation Team recommends that the DNAE become the focal point of information in three areas: (i) the requirements to set up a business; (ii) the requirements with respect to import activities; and (iii) the requirements with respect to export activities with emphasis on information on export prospects. The staff of DNAE is currently about 300 strong; it is unlikely that the proposed new activities for DNAE would require such a large staff. Consideration should therefore be given to retrain some of DNAE staff to strengthen DNI and DND where improvement in collection is needed.

6) Business and trade organizations (especially the Chamber of Commerce), in coordination with the Government, should develop a strategy and a plan of action aimed at facilitating the structuring of the private sector in Mali so as to ensure a gradual transfer of activities from the informal to the formal sector by helping informal sector enterprises (mostly individuals) grow into formal sector firms (such as "Societes Unipersonnelles a Responsabilite Limitee"). This would essentially require training in basic accounting. Such a strategy and plan of action should also consider proposing legislation or regulation with respect to the "reglementation de la profession" for some activities, with emphasis on the technical standards to be achieved by members of a profession with due safeguards for competition. The plan of action should also address issues pertaining to the strengthening of business and trade organizations (management, organization, dissemination of information to members, training, etc.). Such a strategy and plan of action would have the further advantage of helping trade and business organizations improve their image and achieve better representativity of their membership.

7) The Government, in consultation and in cooperation with the judiciary, the business community, and the national bar association, should (i) rapidly implement plans for the creation and establishment of commercial courts in accordance with the new Commercial Code; and (ii) draw a plan of action designed to strengthen the judicial system for that purpose, including the

appeals processes at all levels.

2. Toward an Improvement of the Tax system

The benefits of a simplified tax system lie in the transparency of procedures and computations that leaves no margin to subjective interpretations. This would decrease administrative costs while increasing administrative efficiency, and guarantee more impartiality, if not equity, to all taxpayers.

The Evaluation Team is quite aware of conjunctural difficulties currently faced by the Government. Under these considerations, there are not many incentives for an overhauling of the tax system, unless revenue shortfalls can be financed by donors. The following recommendations are subject to the previous qualification.

2.1. Simplification of Direct Taxes:

1) At the present time, the income-splitting system inherent to the IGR tax requires a complicated formula for the determination of tax liability. This system has also the unwarranted effect of benefitting individuals near the top of the income scale proportionately more than individuals less well-off. The present Evaluation Team recommends a "revenue-neutral" simplification of the IGR tax. Along these lines, a comprehensive taxation of personal income can be envisioned. This constitutes a great simplification from the current system, and if properly designed, also secures greater progressivity in taxation.

2) As a corollary, the schedular tax on business income would become a tax on corporate income at the rate now applied to corporations (45%), and would no longer apply to individuals.

3) The IRVM should be converted to a withholding tax creditable against personal income tax.

4) Further considerations should be given to issues such as (1) the revision of the taxes on industrial property and fixed equipment, with particular reference to the patente, and (2) the generalization of accelerated equipment depreciation to all businesses.

Concerning the last issue, a linear equipment depreciation method is now applied to most businesses in Mali. The move toward a generalized accelerated depreciation method would reinforce the cash-flow of businesses and provide them with more incentives to proceed to new capital expenditures.

2.2. Simplification of Indirect Taxes

As compared to direct taxes, indirect taxes are easier to collect, but are known to introduce more distortions in production and consumption decisions, resulting in heavier efficiency losses for the economy. The structure of tax revenues in Mali is tilted towards indirect taxes, especially international trade taxes. The introduction of the VAT in place of the IAS is likely to lessen efficiency losses, since it is based on consumption alone. There are also on-going discussions on reforming the entire tariff system. The proposed measures include the replacement of import quantitative restrictions by equivalent tariffs³³, and a reduction in the dispersion of tariff rates. While in total agreement with these measures, the Evaluation Team would like to stress the necessity of a simplified tariff structure and a general across-the-board reduction in tariff rates.

1) A simplified tariff structure: there are currently 19 different types of duties in the Malian "cordon douanier". Some are ad valorem while others are specific. The computation of tariff liability is thus very complex. Hence the necessity for a simplification of the tariff structure. A possibility would be to consider a simple "three column" structure that would include the Droit de Douane (DD), the Droit Fiscal a l'Importation (DFI) and the VAT.

2) A reduction in tariff rates: tariffs should not be used for purposes of generating budgetary revenues. High tariffs increase the costs of imports, hence speeding inflationary pressure, and hamper the development of local export industries which suffer from high import bills. In consideration of this argument, the Evaluation Team recommends a general reduction in tariff rates (in a "three column" system, this means a reduction of DFI rates). Revenue shortfall should be compensated by an increase in the VAT rate applied to imports and to local products and transactions. The VAT being more broadly based (on consumption) than the DFI, a proportionately smaller increase in its rate is likely to compensate for a bigger decrease in the rate of the DFI.

3) Export taxes should be revised. Businessmen now complain to have to pay:

³³ meaning tariffs should be set in a way so as to result in an import volume similar to the one allowed under the quota system.

- (1) the CPS (contribution sur prestations de services) based on all exports ³⁴/, at an unique rate of 3%,
- (2) the "taxe d'exportation", a tax that can be specific or ad valorem (in that case, based either on border prices or on the "valeurs mercuriales" of the products exported) , and
- (3) a "conjunctural" tax based on "windfall" export profits resulting from high international prices. This tax concerns the following products: peanut seeds, oil and cake; cotton seeds and oil; leather; "gomme arabique". When international prices are low, the tax is suppressed.

Revenues from export taxes accounted for FCFA 1.2 billion in 1987 (see details in Appendix K). The fiscal pressure on exports (i.e., export tax revenue/export value) is about 3%, which is relatively low. However, it is the opinion of the Evaluation Team that export taxes should be suppressed, so as to provide more incentives to export activities in Mali. The Team has also discussed this issue with representatives from the donors' community. Some argue that export taxes on agricultural products (e.g. cotton) should be maintained, since agricultural incomes are not directly taxed. On this particular issue, there is a need for further thought and analysis.

4) The system of tariff exonerations should be revised. These exonerations are quite important since they accounted for 65% of total tariff revenues (see Appendix L). There are however complaints about exonerations being granted in a discretionary manner. A streamlining of the exoneration system would increase budgetary revenues as it would promote "equity". Concurrently, further thought should also be given to expand the system of tariff exonerations for imported inputs going into production for export. This would lessen the bias against export activities.

3. Monitoring and Evaluation: Proposed Methodology

It is unfortunate that the sample data base (discussed in section 3) has not proved to be very useful for monitoring and evaluation purposes, due to a lack of sustained updating effort and a faulty design. This could have been avoided, had better defined responsibilities been given to the PCU concerning the monitoring and evaluation of policy reforms.

In the opinion of the Team, for the purposes of monitoring the fiscal reform, and in light of data and resources limitations, a cost-effective approach would have been to proceed with in-depth interviews, at regular intervals, applied to a carefully chosen

³⁴ there is also a CPS on imports of raw material going into the production of exported goods.

panel of firms. This panel would cover all categories of firms (corporations, individuals, entities paying the "Forfaitaire" Flat Income Tax, etc.) and need not be large (say, at most 50 firms) so as to be manageable. Every six months, in-depth interviews should be administered to each firm, with special reference to employment and investment decisions. This approach, though not entirely "scientific" in a statistical sense, would certainly help provide a better feel for the employment and investment impact of the fiscal reform measures considered ³⁵/.

For the second phase of EPRP, it would be necessary to set up such a panel, to be placed under the direct responsibility of the PCU ³⁶/ . Other tasks that can be also performed by the PCU include the monitoring of new registrations (as well as cancellations) at the level of the Greffe du Tribunal de Commerce and the five Justices de Paix in Bamako and in major urban centers, with breakdown between individuals and companies.

4. Strengthening the Accompanying Measures

1) If all regulations are transparent and procedures simplified, there should be no excessive divergence in the interpretation of tax regulations. Fiscal and customs controls should then be straightforward and would be less of a nuisance to businessmen.

2) The Government should speed up allocating a unique immatriculation number to each taxpayer, to facilitate procedures of tax assessment, collection, and control.

3) To improve tax collection performance, the Treasury's data base of taxpayers should be rapidly computerized and linked to that of the DND. A network covering all data bases from different services (Treasury, DNAE, DND, DNI, Greffe du Tribunal de Commerce, Justices de Paix, etc.) needs also to be set up in the future.

5. Policy Reform Planning

³⁵ this approach was implemented by the consultant in a study bearing on credit in the Caribbean Islands, with quite satisfactory results.

³⁶ the EPRP Mid Term Evaluation Team also recommended in 1987 that PCU staff "periodically seek businessmen's reactions to enacted reforms and their views on needed additional reforms".

1) There is a need for a more articulate strategy for the promotion of the private sector. The EPRP has not been very specific in the focus of its objectives: the reform package aimed at promoting the private sector in a broad sense, without distinction between its different sectoral components. There is however a clear strategic choice to be made between the promotion of private participation in agriculture, commerce or industry. The Evaluation Team recommends that efforts should first focus on improving conditions for private sector involvement in the productive agricultural sector. The Team is aware of course of the extensive USAID support to the Government's programs with respect to food security and cereals marketing through the PRMC and OHV. Private sector involvement in industrial activities (through small- and medium-size firms) should equally be encouraged, especially for industrial activities geared toward export.

2) A more flexible access to credit should be developed. In order to secure a flexible access to bank credit by the private sector, the Malian authorities, in consultation with the BCEAO, should implement a more effective sectoral credit policy. The formula of Mutual Funds of Guarantee is another possibility to explore.

LIST OF PEOPLE INTERVIEWED

GOVERNMENT OF THE REPUBLIC OF MALI

Mr. Samake	Directeur General Adjoint, DNAE
Mr. Cheick O. Sidibe	Chef, Division Com. Exterieur, DNAE.
Mr. Diallo	Chef, Div. Com. Interieur et Prix, DNAE
Mr. Sissoko Abraham	Directeur National, DND
Mr. Ousmane Toure	Directeur National Adjoint, DNI
Mr. Dicko	Chef de Division Etudes, DNI
Mr. Commecci	Conseiller du Directeur General, DND
Mr. Souleymane Kone	Directeur National du Tresor
Mr. Serge Coelo	Conseiller du Ministre des Finances et du Commerce, Charge du PRMC
Mr. Souleymane Traore	Chef des Services Statistiques, Ministere du Plan
Mr. Hakkim	Conseiller, Office National de la Main d'Oeuvre
Mr. Fourcade	Conseiller, Office National de la Main d'Oeuvre
Mr. Moussa Doucoure	Adjoint Directeur National, BCEAO
Mr. Abdoul Fane	Directeur des Etudes, BCEAO
Mr. Sanogo Segal	Service du Credit, BCEAO
Mr. Abdoulaye Koita	Superviseur, Cellule d'Accompagnement du PRE, Ministere des Finances
Mr. Tuan Anh Nguyen	Coordinateur, Cellule d'Accompagnement du PRE, MF
Mr. Alpha Coulibaly	Cellule d'Accompagnement du PRE, MF
Mr. Kone Bacari	Cellule d'Accompagnement du PRE, MF

Mr. Daba Traore	Secrtaire General, Chambre de Commerce et de l'Industrie de Bamako
Mr. Boubacar Dembele	1er Vice President, Chambre de Commerce et de l'Industrie de Bamako
Mr. Balla Coulibaly	2nd Vice President, Chambre de Commerce et de l'Industrie de Bamako
Mr. S. Diawara	Rapporteur Section Commerce, Chambre de Commerce et de l'Industrie de Bamako
Mr. Mamadou Makalou	Rapporteur Section Industrie, Chambre de Commerce et de l'Industrie de Bamako
Mr. Keita	Greffier du Tribunal de Commerce de Bamako

PRIVATE SECTOR IN MALI

Mr. Adama Traore	Directeur General, BIAO
Mr. Traore	Directeur du Credit, BIAO
Mr. Daffe	Directeur du Credit, BMCD]
Mr. Oumarou Sinare	Maliennne Audit Expertise Comptable (MAECO)
Mr. Ahmadou Toure	Notaire
Mr. Gaoussou Haidara	Notaire
Mr. Valentini	Directeur Technique, Metal Soudan
Mr. Samaane	Directeur General, Metal Soudan
El Hadj Yacouba Guindo	PDG, MALIMAG
Mr. Mamadou BA	PDG, Usines Sada Diallo
Mr. Ibrahima Sima	PDG, IMACY
Mr. Alain Ahcar	DG, Sodema
Mr. Alain Mosca	DG, MaliGaz

Mr. Gerard Ahcar	PDG, GMM
Mr. Asif Marchand	PDG, TolMali
Mr. Coulibaly Oumar	PDG, Somapec
Mr. Mamadou Maiga	Directeur General, BP
Mr. Sami Harage	PDG, SOMAFAM
Mr. Yang	DG, Tamali
Mr. Jean Azar	Transporteur
Mr. Ben Niagando	Transporteur
Mr. Lat Gueye	President, Union Nationale des Transporteurs (UNCTRM)
Mr. Salif N'Diaye	Vice-President, Union Nationale des Transporteurs (UNCTRM)

MULTILATERAL AND BILATERAL DONORS

Mrs. Monique Garrity	Resident Representative, IBRD, Mali
Mr. Quan Doan	Agronomist, IBRD Mission, Mali
Mr. Mammadou Tapo	IBRD Mission, Mali
Mr. Ted Ahlers	Economist, IBRD
Mr. Louis de Merode	Sr. Public Sector Specialist, IBRD
Mr. Zia Ibrahim Sadeh	Economist, IMF
Mrs. Ann Doize	Economist, IMF
Mr. G. MacKenzie	Economist, IMF
H.E. R. Pringle	US Ambassador to Mali
Mr. Wilbur Thomas	Deputy Director, USAID/Mali
Mr. James Elliott	Program Economist, USAID/Mali

Mr. Richard Byess	Design and Evaluation Officer, USAID/Mali
Mr. Anthony Carr	EPRP Project Administrator, USAID/Mali
Mr. David Atwood	Agricultural Economist, USAID/Mali
Ms Emmy Simmons	Economist, USAID/Washington
Mr. Andre Vanhaeverbeke	Delegate of the EEC Commission
Mr. Yves Gazzo	Economic Counsellor, EEC Mission
Mr. Phillip Steffen	Chief, Food Security Project, MSU- CESA-USAID
Mr. Sango Dembele	Advisor, Food Security Project, MSU- CESA-USAID

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LIST OF ACRONYMS

ACP/EEC	Africa, Caribbean, Pacific/European Economic Community
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BDM	Banque de Developpement du Mali
BIAO	Banque Internationale pour l'Afrique Occidentale
BIC	Benefices Industriels et Commerciaux
BNI	Brigade Nationale d'Investigation
CCIM	Chambre de Commerce et de l'Industrie du Mali
CEAO	Communaute Economique de l'Afrique Occidentale
CEDEAO	Communaute Economique et Douaniere de l'Afrique Occidentale
CF	Contribution Forfaitaire (Payroll Tax)
CPS	Contribution aux Prestations de Services
DD	Droit de Douane
DFI	Droit Fiscal a l'Importation
DNAE	Direction Nationale des Affaires Economiques
DND	Direction Nationale des Douanes
DNI	Direction Nationale des Impots
EEC	European Economic Community
EPRP	Economic Policy Reform Program
HT	Hors Taxes
IAS	Impot sur les Affaires et Services
IBRD	International Bank for Reconstruction and Development
IGR	Impot General sur le Revenu
INPS	Institut National de Prevoyance Sociale
IMF	International Monetary Fund
PAAD	Program Assistance Approval Document
PASEP	Programme d'Adjustement du Secteur des Entreprises Publiques
PRMC	Programme de Restructuration du Marche Cerealier
SAF	Structural Adjustment Facility
SARL	Societe A Responsabilite Limitee
SMIG	Salaire Minimum Industriel Garanti
TTC	Toute Taxes Comprises
TVA	Taxe sur la Valeur Ajoutee
UMOA	Union Monetaire Ouest Africaine

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APPENDIX A:
Terms of Reference

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A. SCOPE OF WORK

This consultancy will provide an assessment of the impact to date of the fiscal (tax and customs) and regulatory reforms associated with the AID-supported Economic Policy Reform Program (EPRP) and recommendations for actions to increase impact and improve measurement and analysis of impact of the reforms, as well as recommendations for possible follow-on or complementary reform actions.

The consultant team will consist of two individuals. The first, the fiscal and public finance economist, will concentrate on the aspects of the study relating to tax and customs reforms; the second, an economist specializing in the economics of regulation and private enterprise, will concentrate on the regulatory reforms (price decontrol, import licensing and other foreign trade procedures, registration and various steps involved in setting up a new business).

The EPRP has supported a three year program, starting in September 1985, of economic policy reforms, including fiscal and regulatory reforms, to create an economic environment favorable to development of the private sector and to reduce the burden of the public sector on the economy while increasing its efficiency. Under the Mali EPRP, economic regulations have been liberalized, payroll and profits, tax rates have been cut, customs rates adjusted, and measures put into effect to improve tax and customs administration to make the rate cuts sustainable.

The program comprises two mutually complementary and linked reform components and a third, supporting component. These are the Fiscal Reform, Budget Restructuring, and Computerization Support Components.

The Fiscal Reform Component aims at putting into place conditions which are seen as necessary although not fully sufficient to lessen constraints of excessive regulation and the confiscatory character of the current fiscal system, which are weighing on economic agents and draining the dynamism and development of the private sector.

For more information documents to be consulted include the EPRP PAAD (1985) and PAAD supplement (1987) and the Midterm Evaluation.

B. TITLE: EPRP Fiscal and Regulatory Reform Impact Assessment Study

C. OBJECTIVE

To evaluate the impact to date of the fiscal and regulatory reform package supported by the Mali Economic Policy Reform Program, and to provide the USAID Mission and the Malian government with information on and analysis of reform impact and recommendations regarding further policy reform in these areas.

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D. TERMS OF REFERENCE:

60 person days of consulting time will be provided for this activity.

To evaluate the impact of the fiscal and regulatory reforms package, the consultant team will perform the following set of tasks:

1. Assess and to the extent possible, quantify effects of new legislation and other policy measures tending to liberalize the economy, specifically examining,
 - a. the measures intended to reduce to the maximum extent possible administrative controls and paperwork requirements (e.g. measures contained in the new commercial code, the set of regulations governing setting of prices and margins in commercial activity, and the regulation of foreign trade), by comparing old and new legislative texts, and interviewing officials and business people,
 - b. the measures intended to limit intervention by government authorities in economic activity i.e., the new price regulation policy, adjustment of customs assessments,
 - c. measures to reduce the regulatory constraints which weigh on economic agents and unlink the economy from the market mechanism.
 - d. the effects of the simplification of the regulatory framework on prices and margins and of foreign trade in terms of how the workload of the Economic Affaires Service (DNAE) of the Finance Ministry has changed levels of collections of fines and penalties levied by DNAE for infringement of price controls, and the directives, formal and informal, given by DNAE to its agents, on performance objectives,
 - e. extent to which decontrol measures have extended to transport sector and agricultural marketing, and effects they have had on economic agents operating in these sectors.
2. Analyze the effects of fiscal reform measures as such, as distinguished from regulatory reforms included under the fiscal reform program. Analyze specifically those fiscal reform measures taken with the objective of correcting the confiscatory aspects of the fiscal system (i.e. of reducing excessively high rates) and of bringing about a better distribution of the tax burden, more suitable for stimulating the development of the private sector. Determine whether policy measures have tended to distribute the tax burden more equitably among firms in the sense of greater "horizontal equity" -- and whether

business enterprises in the same line of business in the formal and informal sectors are bearing tax burdens approximately equal relative to their ability to pay. Taking into account both the tax rate reductions implemented under EPRP and the adjustments in license fees and in presumptive basis assessments of profits and turnover tax liabilities for firms in the "informal" sector, examine whether fiscal disincentives and regulatory disincentives to expansion similar in impact, and if incorporation or growth beyond a certain size is discouraged by the fiscal system, the regulatory mechanism or interaction between the two as suggested by the Oppenheim report. If these effects are shown to exist, determine to what extent they are being ameliorated by the EPRP reforms.

- a. Utilize, to analyze the impact of payroll and business profits tax rates changes, the tax sample data base recently started by the revenue department, DNI, on tax collections by the government. Utilize this database also to analyze the impact on employment and investment decisions of enterprises of varying size, legal character and in different lines of business, from 1984 through 1987.
- b. Assess the adequacy of the reporting and recording of data for the tax sample data base, comment on the extent to which tendencies in "taxes due notice" amounts (emissions) and collections for the data base sample and subsamples reflect or diverge from tendencies in the aggregate level of all firms. Assess the representativeness of the data base. Make suggestions for improving the representativeness of the data base sample, and on how to achieve improvement in the data base and extend it cover other taxes, and on how enhance its use for policy formulation purposes.
- c. Examine the collections performance for the payroll tax (contribution forfaitaire) from 1984 through 1987, utilizing aggregate data on payroll tax collections and the tax data base, to analyze changes from 1986 to 1988.

As complementary comparison data, utilize data on employment and payroll from data sources (The Industries Directorate of the Ministry of Industrial Development and the Statistics Directorate of the Ministry of Plan.

- d. Examine collections performance for the tax on industrial and commercial profits (utilizing data to be supplied by data from DNI, Treasury, and interviews with DNI and Treasury officials at the Inspector des-finances level).

- e. Examine collections performance for the DFI (fiscal import duty) for all commodities and for duties on commodities subject to the valeurs mercuriales (VMS - official valuations) customs assessment system.
 - f. Compare collections performance on payroll tax, profits, DFI as well as duties and IAS (turnover tax) on commodities subject to the IAS system, with collections performance in all other taxes and duties, over the period 1984 - 1988.
 - g. Examine and assess behavior of enterprises with regard to the modifications of the DFI rates and other fiscal changes (such as reductions in payroll tax and business tax rates, and increases in VMs).
 - h. More generally, examine the incentive effects fiscal reform measures appear to have had on private sector activities -- i.e., have the effects been quantitatively important? more important for some types of private sector activities than others? offset by other developments, such as exchange rate and credit market developments?
 - i. Examine evidence on what private sector expectations are regarding future changes in the fiscal system and regulatory framework.
3. Evaluate the results of the accompanying measures to improve collection procedures and performance, and to put into operation better controls against tax and customs evasion.
- a. Examine design and implementation of the measures for simplification and rationalization of the fiscal system under EPRP.
 - b. Consider the measures for strengthening the different fiscal administration (e.g. the DNI's National Investigative Brigade and Cross-checking system, and the Treasury's system for notifying DNI, for those taxes paid directly by taxpayer to the Treasury of taxes assessed by DNI) to enable them to know the tax base better, i.e., to improve assessment of taxes and customs liabilities and keep track of tax arrears.
 - c. Study measures envisaged to improve collections performance and to combat fiscal fraud and evasion more effectively.
 - d. More particularly, analyze to what extent these accompanying measures are producing or can be expected to produce substantial revenue collections increases to help offset the revenue impact of lower tax rates.

4. Propose recommendations for further fiscal reform in the framework of a possible follow-on EPRP program, i.e., provide:
 - a. Suggestions concerning drafting or modification of legislative texts for further liberalization of the economy and limitation of administrative controls.
 - b. Measures to strengthen fiscal administration, collection of taxes and customs duties and enlargement of the tax base.
 - c. Propositions concerning the appropriate level of tax rates reduction, the unequal impacts of reducing various tax rates on the services, production (primary and secondary) or export sectors as well as concerning other desirable fiscal reforms.
 - d. In sum, recommendations for new reforms which could be of relevance for preparation of a future fiscal reform program in an EPRP context.

E. METHODOLOGY:

The consultant economist or consultant team should:

1. Spend 2 1/2 days in Washington consulting with knowledgeable staff in the following AID/W offices: AFR/DP, AFR/PD/SWAP, AFR/SWA, AFR/MDI, and PPC/EA, and Washington-based World Bank and IMF staff.
 2. consult all the relevant documents, including the EPRP PAAD, and EPRP Program Agreements, the mid-term evaluation of EPRP, the PCU's report on the midterm evaluation, and DNI's tax base and background material on it;
 3. interview World Bank personnel and consult Bank documentation on Mali's fiscal and regulatory reform needs;
 4. in collaboration with the USAID Program Economist and the PCU (Project's Program Coordination Unit) the consultant should examine the basic data supplied by the concerned administration (e.g. DND, DNI) with special attention to the adequacy, from the standpoint of quantity and quality, and reliability of the data and their significance for evaluating the effects of the fiscal and regulatory reform measures;
 5. interview directly officials of the GRM and directors of professional and private business organizations, and a sufficient number of individual businesspeople;
 6. work with the assistance of a local consultant firm experienced in conducting in-field socio-economic surveys in order to obtain information as complete as possible from economic agents (in private and public enterprise sectors) in and outside of Bamako;
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7. analyze the documents furnished by the tax, customs and economic regulatory administrations, information obtained from professional and business organizations and information supplied by individual businesspeople and evaluate the results obtained.
8. in view of the evaluation above, explore recommendations and orientations to follow for the remainder of the program until December 1988 and beyond that date if appropriate;
9. spend a total of six weeks in Mali, present a verbal briefing at the end of the fifth week to USAID and the PCU three days prior to teams departure to elicit comments, and present a final written report, of approximately 50 pages, typewritten double-spaced, the end of the sixth week at latest for approval, and provide all text and tables of the report on 5 1/4" diskettes for Mission files.

F. CONTRACTORS' QUALIFICATIONS

For both individuals:

- A. A Ph.D in economics or equivalent experience, with substantial specialization and experience in public policy analysis.
- B. At least S-3, R-3 level French language capability.
- C. Demonstrated ability to accomplish work objectives in a cross cultural setting.

Particular qualifications for the fiscal and public finance economist:

- A. Experience with or substantial knowledge of public finance and tax and customs policy problems in LDCs.
- B. Experience with tax and customs administration issues in developing countries.

Particular qualifications for the regulatory reform and private enterprise economist:

- A. Experience with or substantial knowledge of price control and licensing policy issues in LDCs.
- B. Experience with or substantial knowledge of deregulation in developing country contexts.

APPENDIX B:

List of Former and Current Legislative and Regulatory Texts

APPENDIX 2

MAIN LEGISLATIVE AND REGULATORY TEXTS

General Legislation:

Commercial Code:

Ordinance 58/OMLN of Oct. 14, 1975

Decree 182/PG-RM of Nov. 14, 1975

Finance and Trade:

Decree 123/PG-RM of Nov. 14, 1975

Ordinance 78-15/OMLN of May 3, 1978

General texts:

Commercial Code:

Law 86-13 AN-RM of Mar. 21, 1986 and its Annexes

Banking Regulations:

Law 86-90 AN-RM of Sep. 12, 1986

Decree 328/PG-RM of Oct. 13, 1986

Decree 190/PG-RM of Jun. 30, 1988

Arrêté 1423/MFC-CAB of Mar. 5, 1987

Foreign Trade:

Decree 33/PG-RM of Feb. 13, 1986

Arrêté 1931/MFC/DNAE of Jun. 29, 1988

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APPENDIX C:

Comparison of Regulatory Texts on Price Control

TABIEAUX COMPARATIFS DES TEXTES PORTANT PROCEDURE DE FIXATION DES PRIX

REGIME de Législation	TAXATION	HOMOLOGATION RIGIDE	HOMOLOGATION SOUPLE	LIBERTÉ
DECRET N° 330 du 13 Octobre 1986	<ul style="list-style-type: none"> - Prix producteur du mil, maïs, sorgho, paddy, riz, coton graine et coton fibre. - Marge de distribution intérieure du mil, maïs, sorgho riz. - Tarifs consultations et analyses médicales ou dentaire et d'hospitalisation. 	Intrants et matériels essentiels d'agriculture, produits pharmaceutiques et vétérinaires, tarifs transport urbain et international sur le territoire malien des marchandises et des voyageurs, tarifs des Etablissements scolaires privés, tarifs des hôtels et campements, sucre, sel de cuisine, laits concentrés et en poudre, thé vert, cigarettes et allumettes, eau, électricité, hydrocarbures, tarifs salles de cinéma, tarifs de transit, pain, viande.	Farine, vinaigre, concentré de tomate, bouillon cubes, café soluble, glace alimentaire, céréales importées, huiles comestibles, fils et tissus, savon de ménage, eau de javel, fournitures scolaires, véhicules, cycles, motocycles, pièces, ciment, fer rond, chaux, tôles ondulées et bois, bois d'œuvre.	Tous produits non visés par la taxation, l'homologation rigide et l'homologation souple.
DECRET N° 99 du 28 MARS 1988	<ul style="list-style-type: none"> - Prix producteur du mil, maïs, sorgho, coton graine, coton fibre. 	Intrants et matériels essentiels d'agriculture, produits pharmaceutiques et vétérinaires, prestations sanitaires et vétérinaires, tarifs transport interurbain et international sur le territoire malien des marchandises et des voyageurs, cigarettes, allumettes, hydrocarbures, eau, électricité, tarifs de transit, pain, viande.	Farine, vinaigre, concentré de tomate, riz local usiné, riz importé, huiles comestibles, sucre, sel de cuisine, lait concentré et en poudre, thé vert, fils et tissus, savon de ménage, eau de javel, véhicules, cycles, motocycles, pièces, ciment, chaux, tôles ondulées et bois.	Produits libres à travers le décret n° 330 + mil, maïs, sorgho, glace alimentaire, café soluble, bouillon cubes, fournitures scolaires, fer rond, et tous ceux qui ne sont pas visés par le décret n° 330.
DECRET N° 190 DU 30 JUIN 1988	<ul style="list-style-type: none"> - Prix producteur du Paddy, coton graine et coton fibre. 	Engrais, pesticides, produits pharmaceutiques et vétérinaires, transports interurbains, marchandises, transports interurbains voyageurs, transport international marchandises, transport international voyageurs, hydrocarbures, eau, électricité, cigarettes, allumettes, pain, viande.	Riz, sucre, sel de cuisine, lait concentré et en poudre, thé vert, farine, véhicules, pièces détachées de véhicules, tôles ondulées, tarifs transit.	Produits libres à travers le décret n° 99 + intrants et matériels essentiels d'agriculture, huiles comestibles, vinaigre, concentré de tomate, savon de ménage, fils et tissus, eau de javel.

				<p>Liberté Equipement, cycles, motocycles et pièces, ciment chaux, bacs.</p>
NOUVEAU DECRET	Paddy, coton graino.	Produits pharmaceutiques et vétérinaires, prestations sanitaires et vétérinaires, tarifs transports interna- tionaux marchandises, hydrocarbures, eau, électri- cité, cigarettes, viande, transport urbain.	Riz, sucre, farine, pain, tarifs de transit.	Produits libres à travers le décret n° 190 + coton fibre, engrais, prestations pesticides, allumettes, tarifs transport voyageurs interurbains, tarif transport voyageurs, internationaux, lait, thé, sel de cuisine, véhicules pièces détachées de véhicules, tôles ondulées.

APPENDIX D:

Current Arrete on Production and Distribution Margins

5 MARS 1987

Mme /il.

MINISTRE DES FINANCES ET DU COMMERCE

REPUBLIQUE DU MALI
UN PEUPLE - UN BUT - UNE FOI.

C A B I N E T

№ 1423

ARRÊTÉ N° _____ /MFC-CAD.

Portant fixation des marges applicables à la
production et à la distribution.

LE MINISTRE DES FINANCES ET DU COMMERCE ;

- VU la Constitution ;
VU le Code de Commerce ;
VU la Loi n° 86-90/AN-RM du 12 Septembre 1986, portant régime général des prix et répression des infractions à la réglementation économique ;
VU le Décret n° 328/PC-RM du 13 Octobre 1986 fixant les modalités de d'application de la Loi n° 86-90/AN-RM du 12 Septembre 1986 ;
portant régime général des prix et répression des infractions à la réglementation économique ;
VU le Décret n° 330/PC-RM du 13 Octobre 1986 portant détermination de la procédure de fixation des prix ;
VU la Décret N° 042/PRM du 20 Février 1987 portant nomination des membres du Gouvernement ;

ARRÊTÉ :

ARTICLE 1er. - Les marges applicables à la production et les marges de distribution sont fixées conformément au tableau ci-dessous :

<u>PRINCIPES DE PRODUITS</u>	<u>MARGES INDUSTRIELLES</u>	<u>MARGES DE DISTRIBUTION S/P.R. MARG.</u>	<u>REMISE AU DÉTAILLANT S/IV DÉTAIL</u>
<u>I/ ALIMENTATION - BOISSONS</u>			
Céréales, Sucre, Sol, Thé,			
ait, Huile, Farine.....	14	15	5
Boissons alcoolisées	18	30	10
Autres alimentations -			
Boissons	15	20	6
<u>II/ TABACS - CIGARETTES -</u>			
<u>ALUMETTES</u>	18	27	9
<u>III/ FILS ET TISSUS</u>	16	25	8
<u>IV/ BONNETERIES - CONFECTIONS</u>	18	30	10
<u>V/ CUIRS et OUVRAGES en</u>			
<u>CUIRS</u>	16	25	8
<u>VI/ PLASTIQUES et OUVRAGES</u>			
<u>PLASTIQUES</u>	16	25	8
<u>MACHINES - VEHICULES</u>	16	20	6

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VIII/ PIÈCES :.....	18	30	10
IX/ LIBRAIRIE - PAPETERIE:....	15	20	6
X/ MATÉRIEL DE CONSTRUCTION:..	15	20	6
XI/ PRODUITS CHIMIQUES:.....			
- Engrais - Insecticides.....	15	20	6
- Savon - Détergents.....	15	20	6
- Autres produits chimiques	16	25	8
XII/ HYDROCARBURES:	14	15	5
XIII/ Produits Pharmaceutiques;	14	Voir arrêté d'homologation	
XIV/ PILES-ACCUMULATEURS :....	16	25	8
XV/ EAU - ELECTRICITE:.....	Voir arrêtés d'homologation		
XVI/ QUINCAILLERIE - DIVERS :..	17	25	8

ARTICLE 2.- Toutes infraction aux dispositions du présent Arrêté est passible des sanctions prévues par la réglementation des prix en vigueur.

ARTICLE 3.- Le Directeur National des Affaires Economiques est chargé de l'application du présent Arrêté qui sera enregistré, publié et communiqué partout où besoin sera./..

5 MARS 1987

DAKARO, LE

LE MINISTRE DES FINANCES ET DU COMMERCE

[Signature]
Soumana SAKO Ph.D

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APPENDIX E:
Cereal Marketing and Transport

APPENDIX E

Cereals marketing and transport

A study of the liberalization of cereals marketing in Mali permits, to a certain extent, to understand and follow how the process of moving from the informal to the formal sector takes place and how some institutional measures can facilitate this transfer. This Appendix reviews briefly the sector's experience in this area over the past few years.

In studying the cereals market, one should keep in mind the critical importance for the authorities of a land-locked country like Mali to ensure that food supplies will be available to the population throughout the year and in all regions. This is the reason why Mali, like other African countries, entrusted this function to State entities, when it was thought that the private sector was not ready or could not fulfill this role. When State enterprises fail to fulfill this role efficiently (for reasons not to be discussed here) and when the State decides to liberalize the marketing of cereals, appropriate mechanisms should be set up to ensure the gradual and orderly takeover of State enterprises' functions by the private sector. To ensure adequate and timely delivery of food supplies throughout the year requires the ability for the private sector - as for the State - to stock merchandise. This implies the availability of physical facilities as well as access to credit. This, in turn, implies specialization, i.e., the creation of a profession and the organization of that profession.

The liberalization of millet, sorghum, and maize in Mali started in 1981/82 and was completed in 1987/88. Liberalization of paddy and rice was initiated in the fall of 1987 with the 1987/88 crop under a three-year program ending with the 1989/90 crop. After the major liberalization measures adopted with the 1987/88 crop season, the current price regime for cereals may be summarized as follows:

- production and distribution prices for millet, sorghum, and maize are free from Government regulations;

- the producer price for paddy produced in the "zones encadrees" is fixed (taxation) at CFA70,000/T minimum (i.e., a floor price) for 3 years ending with the 89/90 crop; production by the "zones encadrees" represents some 50% of total production; the producer price for the other half, i.e., from the "zones non-encadrees" is free;

- the producer price for milled rice (riz usine) originating from the "zones encadrees" is subject to "homologation souple";

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- the distribution prices for paddy and rice are free.

With the liberalization process initiated with the 1987/88 crop under the Programme de Restructuration du Marche Cerealier (PRMC), funded and supported by nine multilateral and bilateral donors since 1981, it became soon evident that private traders from the informal sector showed increasing willingness and readiness to move into the marketing of cereals, including assuming the stock functions formerly performed by State enterprises, but had difficulty doing so because of the constraints imposed by the monetary authorities of the UMOA with respect to crop credit (credit de campagne).

Commercial banks are reluctant to lend for crop credit because the lending rate is set by the BCEAO at 8% while the risks of lending are high: the borrower must repay within a twelve-month period and there is the danger of the borrower using the funds for purposes other than crop financing, a matter difficult to control by the banks. On the other hand, commercial banks can invest their liquid funds on the money market at 7% without risk. As a result, the BCEAO and commercial banks have imposed stringent conditions for approval of loan applications for crop credit by cereals traders, the first condition being to belong to the formal sector, i.e., to be registered as a "commerçant" with all the requirements that this status implies. In addition, there are many other conditions, such as supplying evidence that physical facilities are available for stocking cereals, sanitary requirements, delivery capacity, and especially the BCEAO-imposed requirement to obtain a guarantee from a State agency (in this case OPAM) to ensure repayment of the loan within 12 months in case the trader is unable to reimburse the commercial bank, etc. Under the present circumstances in Mali, OPAM not having the resources to finance the guarantee fund, the PRMC donors decided for the 1988/89 season to finance the guarantee fund ("Fonds de Securisation") to a level of CFA500 million. Furthermore, it was estimated that such a funding level would allow credit authorizations by BCEAO to the level of CFA2.5 billion (a coefficient of 5), given the facts that outstanding disbursements are lower than the amounts of the loans and that a thorough screening would have reduced considerably the risks to commercial banks.

While no private operators were able to meet the conditions and gain access to crop credit during the 1987/88 season, only two (the two largest ones who are fully incorporated companies) obtained credit as of March 20, 1989 for the current 1988/89 crop, but only after some non-BCEAO constraints to the approval of credit by local commercial banks had been removed, at the insistence of the Government and PRMC donors. On the same date, thirteen more private operators belonging to the formal sector had their application pending with three banks. For the 1988/89 crop, it is anticipated that only 5 or 6 traders will be able to gain access to commercial banks' crop credit.

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To obviate this problem, donors under the PRMC devised a system by which traders from the informal sector, not able to fulfill all BCEAO conditions for crop credit (especially obtaining OPAM guarantee) but showing a potential for doing so, would be able to have more easily access to some form of temporary credit, provided they would comply with the requirement of becoming "commerçants", i.e., entering the formal sector. The system consists in three limited lines of credit funded with the counterpart equivalent of a share of donors' contributions to the PRMC and managed by local banks. Initiated with the 1987/88 crop, the system met with limited success during the first year. However, it is developing rapidly during the current 1988/89 crop season. The situation is as follows as of March 20, 1989:

	Grossistes	Demi-grossistes	Producers Groups (AV) 1/
Funding (CFA million)	600	600	800
Drawn (CFA million)	550	512	696
No. of wholesalers	20		
No. of requests by GIE*		30**	
No. of approvals of GIE		19***	
No. of groups approved			922
Tons purchased	8,643	5,526	16,500

* GIE: Groupement d'Interet Economique

** Each GIE consists of 3 to 10 traders

*** Representing 81 traders

1/ Associations Villageoises

The above shows how PRMC was successful in conceiving and setting up an "institutional structure" (the availability of credit without the more stringent BCEAO requirements) conducive to the development of the formal sector, thereby ensuring the gradual takeover of economic activities traditionally in the hands of parastatals. The process is basically an educational one to enable gradually private informal operators to move to the formal sector and subsequently to be able to graduate from a temporary credit mechanism to the more demanding crop credit extended by the domestic banking system. Barring this institutional set-up by PRMC, it is likely that the number of private formal operators active in the marketing of cereals during the current 1988/89 season would have been considerably lower.

The fact that milled rice (riz usine) originating from the

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"zones encadrees" is still subject to the system of "homologation souple" does not appear to constitute an impediment to entry into the market by private traders to the extent that, if they are not simultaneously importers of rice, they can buy freely from producers from the "zones non-encadrees", a practice which becomes more and more prevalent.

As in the case of the other economic sectors, the confusion in the legislative and regulatory texts applicable to cereals marketing, their arbitrary application and interpretation by administrative agents as well as the latter's frequent interferences in the day-to-day activities of economic operators constitute a real constraint to a more forceful growth of formal and also sector activities. The "vide juridique" mentioned in the body of the text, together with the bureaucratic environment, raise doubts in the mind of private operators about the permanency of liberalization in cereals marketing and therefore leads them to be especially cautious about investing more resources into the sector, such as in adequate stocking facilities and delivery systems, let alone the difficulty of having access to crop credit, when, as noted earlier in the text, the criteria defining the respective professions (grossiste, demi-grossiste, detaillant) are not clearly established. As mentioned in the text, there is an urgent need to remedy this state of affairs.

All transport rates (domestic and international; goods and passengers) are subject to "homologation rigide" and are governed by Arrete 4377/MTTP-MFC of August 8, 1985. Limit prices are determined for each product and for each category of road (depending on surface quality).

The transport industry is composed of some relatively large firms (some of which are incorporated) with a fleet of several 10-to 50-ton trucks, and of a very large number of small - and often ad hoc and temporary - operators from the informal sector (including, reportedly, civil servants). Although the leaders of the "Union des Transporteurs" (usually referred to as the "Syndicat des Transporteurs") contend that virtually all operators are members of the Union, this is probably not true; most likely, a large number of small operators are not members and compete fiercely with the more organized segment of the industry.

It is clear that the business interests of the organized segment of the industry are very different from those of the "informal" one, the former in favor of a more restricted membership essentially composed of "professional" transporters. Furthermore, the leadership of the Union is reported to be composed of individuals who are not operators themselves and whose main interest is to ensure the application of officially-set prices to users, while cashing on the difference with the rates charged by the actual operators.

The structure of the industry is such that it leads to official fixed transport rates being undercut by as much as 30% to 50 %, depending on the market situation and especially the crop season and time of year. However, at the cotton harvest, prices rise sharply above the official levels. Small operators are reportedly not concerned with amortization of their vehicle (it is said that most of them buy old vehicles on the secondary or tertiary market, mostly from Europe). The practical result is a rather anarchic price structure, despite the policing role performed by the Union to enforce official prices and benefit from the difference between actual and official prices.

It is to be noted that, under the current SAF arrangement with the IMF, transport prices are expected to be deregulated by June 15, 1989 (see section on Price Regulations in the main text and Appendix C).

With respect to the impact of current transport rate regulations on cereals marketing and prices, transport rates tend not to reflect conditions in the cereals market. To the extent that transport rates are fixed and cereals prices vary considerably according to seasons, the system penalizes the efficient marketing of cereals, especially in deficit regions, and the consumer generally. This is certainly the case to the extent that the transport of a large portion of the quantities marketed takes place at the official price through the Union while actual charges are very often substantially lower (this is the case of the quantities marketed under the FRMC where donors abide by the official rates).

APPENDIX F:
DNI Sample Data Base

DNI DATA BASE: NUMBER OF EMPLOYEES and WAGES BILL

	NUMBER OF EMPLOYEES				WAGES BILL (in FCFA)			
	1984	1985	1986	1987	1984	1985	1986	1987
FIRST GROUP OF FIRMS (Less than 10 Employees) (25 Firms)								
TOTAL 1	148	167	180	194	118,883,000	152,052,000	191,379,000	219,063,000
Annual Variation		12.8%	7.8%	7.8%		27.9%	25.9%	14.5%
AVERAGE 1	6	7	7	8	4,755,320	6,082,080	7,655,160	8,762,520
Annual Variation		12.8%	7.8%	7.8%		27.9%	25.9%	14.5%
SECOND GROUP OF FIRMS (From 11 to 25 Employees) (30 Firms)								
TOTAL 2	487	520	523	537	386,354,000	403,427,000	421,921,000	470,654,000
Annual Variation		6.8%	0.6%	2.7%		4.4%	4.6%	11.6%
AVERAGE 2	16	17	17	18	12,878,467	13,447,567	14,064,033	15,688,467
Annual Variation		6.8%	0.6%	2.7%		4.4%	4.6%	11.6%
THIRD GROUP OF FIRMS (From 26 to 50 Employees) (30 Firms)								
TOTAL 3	1,050	1,006	988	991	767,847,000	940,577,000	1,053,373,000	1,046,865,000
Annual Variation		-4.2%	-1.8%	0.3%		22.5%	12.0%	-0.6%
AVERAGE 3	35	34	33	33	25,594,900	31,352,567	35,112,433	34,895,500
Annual Variation		-4.2%	-1.8%	0.3%		22.5%	12.0%	-0.6%
FOURTH GROUP OF FIRMS (From 51 to 100 Employees) (10 Firms)								
TOTAL 4	784	818	801	748	425,311,000	500,730,000	458,224,000	412,622,000
Annual Variation		4.3%	-2.1%	-6.6%		17.7%	-8.5%	-10.0%
AVERAGE 4	78	82	80	75	42,531,100	50,073,000	45,822,400	41,262,200
Annual Variation		4.3%	-2.1%	-6.6%		17.7%	-8.5%	-10.0%
FIFTH GROUP OF FIRMS (More than 100 Employees) (8 Firms)								
TOTAL 5	2,440	4,168	5,256	5,104	2,951,704,000	2,128,003,000	4,129,031,000	3,378,424,000
Annual Variation		70.8%	26.1%	-2.9%		-27.9%	94.0%	-18.2%
AVERAGE 5	349	595	751	729	421,672,000	304,000,429	589,861,571	482,632,000
Annual Variation		70.8%	26.1%	-2.9%		-27.9%	94.0%	-18.2%
ALL 5 GROUPS								
GRAND TOTAL	4,909	6,679	7,748	7,574	4,650,099,000	4,124,789,000	6,253,928,000	5,527,628,000
Annual Variation		36.1%	16.0%	-2.2%		-11.3%	51.6%	-11.6%
AVERAGE	48	65	75	74	45,146,592	40,046,495	60,717,748	53,666,291
Annual Variation		36.1%	16.0%	-2.2%		-11.3%	51.6%	-11.6%
FIRST 4 GROUPS								
GRAND TOTAL	2,469	2,511	2,492	2,470	1,698,395,000	1,996,786,000	2,124,897,000	2,149,204,000
Annual Variation		1.7%	-0.8%	-0.9%		17.6%	6.4%	1.1%
AVERAGE	26	26	26	26	17,877,842	21,018,800	22,367,337	22,623,200
Annual Variation		1.7%	-0.8%	-0.9%		17.6%	6.4%	1.1%

DNI DATA BASE: BUSINESS INCOMES and TURNOVER

	BUSINESS INCOMES (in FCFA)				TURNOVER (in FCFA)			
	1984	1985	1986	1987	1984	1985	1986	1987
FIRST GROUP OF FIRMS (Less than 10 Employees) (25 Firms)								
TOTAL 1	176,038,000	292,984,000	234,031,000	141,355,400	15,426,555,000	7,711,114,000	8,253,712,000	7,364,293,000
Annual Variation		66.4%	-20.1%	-39.6%		42.1%	7.0%	-10.8%
AVERAGE 1	7,041,520	11,719,360	9,361,240	5,654,216	217,062,200	308,444,560	330,148,480	294,571,720
Annual Variation		66.4%	-20.1%	-39.6%		42.1%	7.0%	-10.8%
SECOND GROUP OF FIRMS (From 11 to 25 Employees) (30 Firms)								
TOTAL 2	202,734,000	250,171,000	282,716,000	336,497,000	10986246000	13604621000	12144097000	11679162000
Annual Variation		23.4%	13.0%	19.0%		23.8%	-10.7%	-3.8%
AVERAGE 2	6,757,800	8,339,033	9,423,867	11,216,567	366,208,200	453,487,367	404,803,233	389,305,400
Annual Variation		23.4%	13.0%	19.0%		23.8%	-10.7%	-3.8%
THIRD GROUP OF FIRMS (From 26 to 50 Employees) (30 Firms)								
TOTAL 3	584,411,000	529,392,000	642,676,000	614,422,000	21480705000	22024672000	14603615000	22716661000
Annual Variation		-9.4%	21.4%	-4.4%		2.5%	-24.6%	36.8%
AVERAGE 3	19,480,367	17,646,400	21,422,533	20,480,733	716,023,500	734,155,733	553,453,833	757,222,033
Annual Variation		-9.4%	21.4%	-4.4%		2.5%	-24.6%	36.8%
FOURTH GROUP OF FIRMS (From 51 to 100 Employees) (10 Firms)								
TOTAL 4	103,060,000	82,155,000	94,421,000	203,963,000	17,120,162,000	12781319000	11594677000	9,386,085,000
Annual Variation		-20.3%	14.9%	116.0%		79.5%	-9.3%	-19.0%
AVERAGE 4	10,306,000	8,215,500	9,442,100	20,396,300	712,016,200	1,278,131,900	1,159,467,700	938,608,500
Annual Variation		-20.3%	14.9%	116.0%		79.5%	-9.3%	-19.0%
FIFTH GROUP OF FIRMS (More than 100 Employees) (8 Firms)								
TOTAL 5	2480946000	3560703000	1394160000	1153127000	43230463000	53468107000	53236417000	52064194000
Annual Variation		43.5%	-60.8%	-17.3%		23.7%	-0.4%	-2.2%
AVERAGE 5	354,420,857	508,671,857	199,165,714	164,732,429	16,175,780,429	7,638,301,000	7,605,202,429	7,437,742,000
Annual Variation		43.5%	-60.8%	-17.3%		23.7%	-0.4%	-2.2%
ALL 5 GROUPS								
GRAND TOTAL	3547189000	4715405000	2648004000	2449364400	88244131000	109589833000	101832518000	103210395000
Annual Variation		32.9%	-43.8%	-7.5%		24.2%	-7.1%	1.4%
AVERAGE	34,438,728	45,780,631	25,708,777	23,780,237	856,739,136	1,063,978,961	988,665,223	1,002,042,670
Annual Variation		32.9%	-43.8%	-7.5%		24.2%	-7.1%	1.4%
FIRST 4 GROUPS								
GRAND TOTAL	1066243000	1154702000	1253844000	1296237400	45013668000	56121726000	48596101000	51146201000
Annual Variation		8.3%	8.6%	3.4%		24.7%	-13.4%	5.2%
AVERAGE	11,223,611	12,154,758	13,198,358	13,644,604	473,828,084	590,755,011	511,537,905	538,381,063
Annual Variation		8.3%	8.6%	3.4%		24.7%	-13.4%	5.2%

DNI DATA BASE: PAYROLL and BUSINESS INCOME TAXES

PAYROLL TAXES (in FCFA)					BUSINESS INCOME TAXES -BIC - (en FCFA)			
	1984	1985	1986	1987		1985	1986	1987
FIRST GROUP OF FIRMS (Less than 10 Employees)								
(25 Firms)								
TOTAL 1	17,820,000	22,813,000	14,338,000	16,419,000		82,139,640	142,066,890	114,973,880
Annual Variation		28.0%	-37.1%	14.5%			73.0%	-19.1%
AVERAGE 1	712,800	912,520	573,520	656,760		3,285,586	5,682,676	4,598,953
Annual Variation		28.0%	-37.1%	14.5%			73.0%	-19.1%
SECOND GROUP OF FIRMS (From 11 to 25 Employees)								
(30 Firms)								
TOTAL 2	57,861,000	60,705,000	31,616,000	34,610,000		98,054,070	128,288,890	134,345,470
Annual Variation		4.9%	-47.9%	9.5%			30.8%	4.7%
AVERAGE 2	1,928,700	2,023,500	1,053,867	1,153,667		3,268,469	4,276,296	4,478,182
Annual Variation		4.9%	-47.9%	9.5%			30.8%	4.7%
THIRD GROUP OF FIRMS (From 26 to 50 Employees)								
(30 Firms)								
TOTAL 3	115,186,000	141,749,000	78,990,000	78,500,000		341,795,390	318,302,080	328,735,800
Annual Variation		23.1%	-44.3%	-0.6%			-6.9%	3.3%
AVERAGE 3	3,839,533	4,724,967	2,633,000	2,616,667		11,393,180	10,610,069	10,957,860
Annual Variation		23.1%	-44.3%	-0.6%			-6.9%	3.3%
FOURTH GROUP OF FIRMS (From 51 to 100 Employees)								
(10 Firms)								
TOTAL 4	57,002,000	69,099,000	32,395,000	30,941,000		79,422,270	129,523,650	105,502,365
Annual Variation		21.2%	-53.1%	-4.5%			63.1%	-18.5%
AVERAGE 4	5,700,200	6,909,900	3,239,500	3,094,100		7,942,227	12,952,365	10,550,237
Annual Variation		21.2%	-53.1%	-4.5%			63.1%	-18.5%
FIFTH GROUP OF FIRMS (More than 100 Employees)								
(8 Firms)								
TOTAL 5	379,486,000	243,212,000	286,707,000	226,182,885		1,255,735,460	1,798,697,790	926,503,845
Annual Variation		-33.9%	17.9%	-21.1%			43.2%	-48.5%
AVERAGE 5	54,212,286	34,744,571	40,958,143	32,311,841		179,390,780	256,956,827	132,357,692
Annual Variation		-33.9%	17.9%	-21.1%			43.2%	-48.5%
ALL 5 GROUPS								
GRAND TOTAL	627,355,000	537,578,000	444,046,000	386,652,885		1,857,146,830	2,516,879,300	1,610,061,360
Annual Variation		-14.3%	-17.4%	-12.9%			35.5%	-36.0%
AVERAGE	6,090,825	5,219,204	4,311,126	3,753,912		18,030,552	24,435,721	15,631,664
Annual Variation		-14.3%	-17.4%	-12.9%			35.5%	-36.0%
FIRST 4 GROUPS								
GRAND TOTAL	247,869,000	294,366,000	157,339,000	160,470,000		601,411,370	718,181,510	683,557,515
Annual Variation		18.8%	-46.5%	2.0%			19.4%	-4.8%
AVERAGE	2,409,147	3,098,589	1,656,200	1,609,158		6,330,646	7,559,805	7,195,342
Annual Variation		18.8%	-46.5%	2.0%			19.4%	-4.8%

APPENDIX G:
Input-Output Table

APPENDIX

MALI : INPUT OUTPUT TABLE

	Agri & Elevage		Grain Corps		Boisso	Sucre	Eau	Mate	Metaux	Vehicu	Chimie	Tabac	Textil	Ind	BTP	Transp	Service	TOTAL
	Bois	Pêche	Artisa	Farine	Gras		Confis	Elec	Constr	Outils	Repar	Savon	Alumet		Divers	PTT	Com	
	01	02	03	04	05	06	07	08	09	10-12	11	13-15	14	16	17	18	20	19-21

01	8930	82	10466	2575	2874	80	1061		7				5	122	7830			50	34082
02		32414	65											16				478	32973
03	1090	118	4488													19			5715
04																		1280	1280
05		12		2														99	113
06																		357	357
07						51	6											47	114
08		65	10	37		36	15	285	6	36	29	47	96	364	23	150	220	415	1834
09													32			1918		53	2003
10-12	60	58	35				1					10		41	25	565	3	76	874
11	1			15	86	37	16	24	16	18	57	5		67		426	5000	200	5968
13-15		9	10					90		8	61		5			35	9	20	247
14																			0
16	540	19	1639	160	515								9	1215				159	4256
17		9			50					9	213	20				5	30	130	466
18	1	52	2	4	31	1	8	165	2	26	5	2	41	22	1	150	190	297	1000
20	299	513	47	655	478	36	179	309	89	341	303	40	149	1075	342	1490	1580	11097	19022
19-21	144	8380	629	449	523	31	61	322	172	98	1136	58	188	1169	1126	3200	4899	3063	25648
Inter. Cons.	11065	41731	17391	3897	4557	282	1347	1195	292	536	1804	187	642	11799	1517	7958	11931	17821	135952
Imports	4045	264	2006	2045	1111	432	864	1532	1111	3471	6283	988	779	2993	870	8078	11745	3283	51900
Total Inter. Consumption	15110	41995	19397	5942	5668	714	2211	2727	1403	4007	8087	1175	1421	14792	2387	16036	23676	21104	187852
Wages	1169	142	70	218	697	176	117	322	395	255	289	176	340	3266	141	3200	4200	3500	18673
Charge Soc	51	8		28	72	43	23	28	39	39	58	44	44	349	16	700	600	600	2742
CF 1/	6	1	0	1	3	1	1	2	2	1	1	1	2	16	1	16	21	18	93
Taxes	222	1468	510	51	515	135	321	348	85	324	362	124	904	2530	160	0	0	2520	10579
Subv	-9																	-1259	-1268
Deprec.	8009	68	100	140	671	29	170	822	253	67	63	141	196	1364	121	800	3000	2500	18514
Profits	76296	57645	12681	774	-521	180	-28	77	-101	282	1867	-82	296	1586	56	2264	2012	96391	251675
Value Added	85744	59332	13361	1212	1437	564	604	1599	673	968	2640	404	1782	9111	495	6980	9833	104269	301008.3
PRODUCT	100854	101327	32758	7154	7105	1278	2815	4326	2076	4975	10727	1579	3203	23903	2882	23016	33509	125373	488860.3

Labor ch./																			
Total charges	5.0%	0.4%	0.4%	3.9%	10.9%	22.8%	5.6%	9.0%	20.8%	6.8%	4.1%	14.4%	19.3%	18.4%	5.9%	18.9%	15.3%	14.9%	9.3%

Imports/																			
Total charges	16.6%	0.6%	10.3%	32.3%	15.6%	44.9%	34.3%	39.3%	53.1%	79.4%	73.9%	64.3%	38.9%	15.1%	32.6%	38.9%	37.3%	11.8%	22.8%

1/ CF evaluated at 5% of wages

Sources: Ministère du Plan, Input-Output Table, 1976.

APPENDIX H:

Impact of Tax Cut on Net Earnings Rate

APPENDIX

Impact of Tax Cut on Net Earnings

Industrial Activities

1. Net of Tax Corporate Earnings:
Pre Reform Earnings: $18\% * (1-25\%) * (1-9\%) * (1-25\%) = 9.2\%$
Post Reform Earnings: $18\% * (1-22.5\%) * (1-9\%) * (1-25\%) = 9.5\%$
2. Net of Tax Non Corporate Earnings:
Pre Reform Earnings: $18\% * (1-15\%) * (1-25\%) = 11.5\%$
Post Reform Earnings: $18\% * (1-12.5\%) * (1-25\%) = 11.8\%$

Commercial Activities

1. Net of Tax Corporate Earnings:
Pre Reform Earnings: $30\% * (1-25\%) * (1-9\%) * (1-25\%) = 15.4\%$
Post Reform Earnings: $30\% * (1-22.5\%) * (1-9\%) * (1-25\%) = 15.9\%$
 2. Net of Tax Non Corporate Earnings:
Pre Reform Earnings: $30\% * (1-15\%) * (1-25\%) = 19.1\%$
Post Reform Earnings: $30\% * (1-12.5\%) * (1-25\%) = 19.7\%$
-

Note: assume a halving of BIC, IRVM and IGR tax rates.

12

APPENDIX I:

Structure of Tax Revenues in Mali

APPENDIX

STRUCTURE OF TAX REVENUE in MALI

	1984	1985	1986	1987
(in percentage of total government revenue)				
Tax on Net Income and Profit	12.9%	12.7%	11.6%	9.8%
Taxes on Goods and Services	12.6%	11.8%	11.5%	14.6%
Property Taxes	1.0%	0.7%	0.5%	0.5%
Taxes on International Trade	31.9%	31.0%	28.4%	25.5%
Other Taxes	10.0%	10.0%	10.9%	9.6%
TOTAL TAX REVENUES	68.4%	66.2%	62.9%	60.0%
Non Tax Revenues	7.8%	9.4%	6.6%	5.5%
TOTAL BUDGETARY REVENUE	76.2%	75.6%	69.5%	65.6%
Annexed Budgets and Special funds	23.8%	17.3	26	28
TOTAL GOVERNMENT REVENUE	100.0%	100.0%	100.0%	100.0%
(in billions FCFA)	61.8	71	85.2	81.3

Source: IMF Recent Economic Development, July 1988.

APPENDIX J:

Analysis of the Tariff System in Mali

MINISTRE DES FINANCES
ET DU COMMERCE

DIRECTION NATIONALE DES DOUANES

DIVISION STATISTIQUE ET DES ETUDES ECONOMIQUES

REPUBLIQUE DU MALI
Un Peuple - Un But - Une
-

MESURES D'ASSOUPLISSEMENT DE LA FISCALITE EN VUE DE SON
AMELIORATION ET UNE MEILLEURE PROTECTION DE LA PRODU
CTION NATIONALE

I. Diagnostic du Système fiscal actuel :

I.1. Présentation :

11. Droits et taxes liquidés au profit du Budget d'Etat :

- . Droit de Douane (DD)
- . Droit fiscal d'Importation (DFI)
- . Impôt sur Affaires et Services (IAS)
- . Taxe de Coopération Régionale (T.C.R)
- . Impôt Spécial sur certains Produits (I.S.C.P)
- . Taxe "Office Stabilisation des Prix (O.S.P)
- . Taxe Intérieure sur les Carburants (T.I.C)
- . Taxe d'Exportation (T.E)
- . Taxe Cotonnière (T.C)

12. Droits et taxes liquidés au profit des Budgets Annexes :

. Caisse Autonome d'Amortissement :

- . Contribution pour prestations de services particuliers rendus (C.P.S)

. Fonds Routier :

- . Droit de douane sur essence tourisme et gas Oil

- . Droit fiscal d'Importation (DFI)

- . Impôt spécial sur (ISCP)

. Fonds Minier :

- . Taxe fonds minier (FM)
sur essence auto et gas-Oil.

. Pétrostock :

- . Taxe Pétrostock (PTK) sur pétrole lampant et fuel-oil.

. O.R.S.P :

- . Taxe "Différence de structure de prix "DSP" sur le ciment.

13. Assiette :

- . Valeur en douane (art 27 et(ou art 28) du Code des Douanes) (DD; DFI; TCR; ISCP; CP3).
- . Valeur mercuroiale (art 2 &2 du Code des Douanes)
- . Barèmes officiels (-"- -"-)
- . Valeur en douane + montants du DD du DFI.
(base imposable spéciale pour le calcul de l'IAS).
- . Taxes spécifiques :
 - sur le poids: OSP - ISCP - D.S.P
 - sur le litrage: TIC; FM; PTK.
- . Plus value du produit après vente: T.C.

14. Origine :

- . Pays tiers
- . C.E.E (pour certains produits)
- . C.E.A.O.

I.2. Observations particulières sur le système :

- . Multiplicité des taxes: 13 Taxes.
- . Multiplicité des affectations Budgétaires: 6
- . Superposition de deux modes de taxation ad valorem et spécifique.
- . Cumul de la valeur en douane avec le montant de certains droits.
- . Essai d'uniformisation de la quotité de certaines taxes:
ex. D.D; OSP; CP3.
- . Complexité de la fiscalité particulière sur les produits pétroliers.
- . Critère de sélection des quotités suivant la destination des produits.
- . Différenciation de la taxation suivant l'origine du produit.
- . Base imposable ad valorem différente suivant la nature des droits et taxes.

I.3. Poids de la fiscalité :

- . Varie suivant la catégorie du produit. Cependant certaines distorsions persistent concernant la taxation des matières premières et des produits semi-finis par rapport aux produits finis.
- . A cet effet, des réformes ont été appliquées, dans le cadre du P.R.E (1 Loi et 3 Décrets).
- . Allègement de la fiscalité par le recours au système valeurs mercuriales.
- . Absence de mesures d'incitation à l'exportation
- . Grande disparité des quotités des droits et taxes de 5 à 100%.

I.4. Recouvrement des droits et taxes :

Difficultés rencontrées dans le recouvrement des droits taxes dues à la multiplicité des Services chargés de leur recouvrement.

I.5. Exonérations fiscales :

Les critères d'octroi des exonérations sont complexes et mal perçus par les investisseurs éventuels.

II. Limites du système :

- . Nomenclature budgétaire qui s'impose.
- . Diversité des administrations chargées du recouvrement des droits, ayant chacune une mission spécifique.
- . Accords internationaux multilatéraux et bilatéraux (ex CEAQ, régime TCR).
- . Difficulté d'appréhender la valeur réelle des produits, rendant nécessaire la taxation spécifique.

III. Recommandations :

- . Poursuite des réformes entreprises dans le cadre du PRE (allègement de la fiscalité sur les matières premières et augmentation de la fiscalité sur les produits con-

- 4 -

- Allègement de la fiscalité à l'exportation
- Simplification de la procédure d'octroi des exonérations fiscales par la création d'une structure spéciale.
- Création des receveurs des douanes, chargés du recouvrement de tous les droits et taxes liquidés au cordon douanier, ou recouvrement par les Régisseurs du Trésor, qui procéderont mensuellement à la ventilation par Budget.
- Application de la T.V.A pour l'allègement de la fiscalité et par la possibilité de procéder à des déductions.

MARS 1989

APPENDIX K:
List of Export Taxes

Tableau
Droits perçus sur les exportations en 1987 par catégories de produits

Produit	Numéro	Valeur en douane	Taxes sur les expor- tations	Exportations de la catégorie en % du total	Taxe perçue en % du total	Taxation moyenne i.e. Taxes perçues / valeur en douane
???	09	10	0	0,024%	0,000%	0,0%
Animaux vivants	1	3747	274	9,387%	23,405%	7,3%
Viandes	2	2	0	0,004%	0,007%	5,0%
Poissons	3	77	16	0,192%	1,358%	20,8%
Lait	4	2	0	0,005%	0,012%	8,0%
Autr. prod. animal	5	0	0	0,001%	0,003%	8,0%
Légumes	7	68	5	0,170%	0,408%	7,0%
Fruits	8	131	4	0,328%	0,326%	2,9%
Café, thé	9	3	0	0,008%	0,008%	3,2%
Céréales	10	143	9	0,358%	0,808%	6,6%
Farine, Malte	11	10	0	0,025%	0,025%	3,3%
Graines oléagineuses	12	382	22	0,956%	1,853%	5,7%
Extraits végétaux	13	285	13	0,713%	1,073%	4,4%
Autres prod. végét.	14	753	0	1,885%	0,038%	0,1%
Graisses/huiles	15	10	0	0,026%	0,027%	3,1%
Prép. alimentaires	21	3	0	0,007%	0,007%	3,0%
Boiss. alcool. vinaigre	22	65	2	0,163%	0,167%	3,0%
Déchets alimentaires	23	48	1	0,120%	0,122%	3,0%
Sel, soufre, ciment	25	22	1	0,054%	0,055%	3,0%
Prod. chim. inorg.	28	2	0	0,006%	0,006%	3,0%
Prod. fotogr.	37	1	0	0,003%	0,000%	0,0%
Prod. divers chim.	38	13	0	0,033%	0,033%	3,0%
Mat. plast. artificielles	39	3	0	0,007%	0,004%	1,6%
Cautchouc	40	8	1	0,019%	0,052%	8,0%
Peaux et cuirs	41	311	15	0,778%	1,268%	4,8%
Bois, charbon	44	3	0	0,007%	0,009%	3,9%
Sparterie	46	8	0	0,020%	0,020%	3,0%
Coton	55	30955	719	77,551%	61,305%	2,3%
Autres text. vég.	57	17	1	0,043%	0,044%	3,0%
Vêtements tissus	61	0	0	0,001%	0,000%	0,0%
Friperie	63	3	0	0,006%	0,000%	0,0%
Chaussures	64	4	0	0,010%	0,010%	3,0%
Parapluies, etc.	66	0	0	0,000%	0,000%	0,0%
Plumes, cheveux	67	1	0	0,003%	0,003%	3,0%
Métal préc. bijoux	71	2638	84	8,808%	7,151%	3,2%
Fer, acier	73	41	1	0,102%	0,104%	3,0%
Plomb	78	0	0	0,000%	0,000%	0,0%
Zinc	79	20	1	0,050%	0,052%	3,0%
Outils	82	2	0	0,004%	0,005%	3,0%
Ouvrages div. métal	83	5	0	0,012%	0,012%	3,0%
Appareils mécaniques	84	84	2	0,211%	0,210%	2,9%
Appareils électriques	85	17	0	0,042%	0,001%	0,1%
Véhicules automob.	87	3	0	0,008%	0,005%	1,9%
Instr. optique, préc.	90	19	0	0,048%	0,000%	0,0%
Armes, munitions	93	1	0	0,001%	0,001%	3,0%
Mobilier	94	0	0	0,000%	0,000%	0,0%
Total		39916	1172			2,9%

APPENDIX L:

List of Customs Duties Exonerations

12

APPENDIX M:
Interviews with Local Businessmen

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : IMACY
Date d'etablissement : 1970
Secteur d'activite : Velo, motocyclettes.
Nombre d'employes en 1988 : 74
Masse Salariale par
rapport aux couts totaux : 30%
Chiffre d'Affaires en 1988 : 1,4 milliard FCFA
Capacite d'utilisation
actuelle de l'entreprise : 40%-50%
Titre de la personne interviewee : Mr Ibrahima Sima, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

OUI

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui genent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

Trop de controles entrepris par divers services
administratifs.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Plus de transparence dans les textes de loi

Lutte contre la fraude fiscale et douaniere, car ces gens
nous font concurrence de facon deloyale.

5) Si votre société est soumise à l'agrément (cas des sociétés constituées par des étrangers), les nouvelles procédures vous semblent-ils raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

Sans commentaires

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la réduction de la contribution forfaitaire de 15% à 7.5%, mise en vigueur en 1986 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

OUI

3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employés ?

Si NON, pourquoi ?

NON, car la demande pour nos produits est faible.

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la réduction d'impôt sur le BIC (de 50% à 45% pour les sociétés et de 30% à 25% pour les individus), mise en vigueur en 1987 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

OUI, cela nous a permis de "respirer" un peu.

Si OUI, quelle a été l'utilisation de cette réduction des charges ?

Remplacement des équipements vétustes.

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

Sans commentaires

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

NON

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet ajustement ?

Si OUI, expliquez comment.

Sans commentaires

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

Sans commentaires

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'amenagement du DFI mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet amenagement ?

Si OUI, expliquez comment.

Les tarifs sont encore tres eleves. bien plus eleves que par rapport au Senegal ou la Cote d'Ivoire.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

Sans commentaires

VII> LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilite minimum qui vous inciterait a investir au Mali ?

12% a 15% apres impot (mais le Directeur est deja heureux s'il peut recevoir 5%, vu les circonstances actuelles !)

2) Veillez enumerer les facteurs qui sont consideres comme des contraintes pour vos activites ou comme des facteurs nefastes a l'essor du secteur prive au Mali:

- la faiblesse de la demande locale.
- le credit bancaire (pour les concessionnaires d'IMACY)
- la fraude fiscale et douaniere.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : Sada Diallo
Date d'etablissement : 1971
Secteur d'activite : Vinaigre, chlore, tuyaux PVC.
Nombre d'employes en 1988 : 425
Masse Salariale par
rapport aux couts totaux : 10%
Chiffre d'Affaires en 1988 : FCFA 2,4 billion
Capacite d'utilisation
actuelle de l'entreprise : 70%
Titre de la personne interviewee : Mr Mamadou Ba, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

OUI, nous avons surtout aime la liberalisation des prix.

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui genent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

Trop de controles entrepris par divers services
administratifs.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Plus de transparence dans les textes. Il y a des textes et
des reglements qui se contredisent.

5) Si votre societe est soumise a l'agrement (cas des societes
constituees par des etrangers), les nouvelles procedures vous
semblent-elles raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

OUI, on l'a toujours été. On exporte d'ailleurs 40% de notre vinaigre sur le Niger.

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la réduction de la contribution forfaitaire de 15% à 7.5%, mise en vigueur en 1986 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

NON, l'entreprise a eu une convention spéciale avec le gouvernement. On a payé 5% sur la CF.

3) Vous a-t-elle permis (ou vous permettra-t-elle) de recruter beaucoup plus d'employés ?

Si NON, pourquoi ?

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la réduction d'impôt sur le BIC (de 50% à 45% pour les sociétés et de 30% à 25% pour les individus), mise en vigueur en 1987 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

NON, jusqu'à récemment, l'entreprise a été exonérée de l'impôt sur la BIC.

Si OUI, quelle a été l'utilisation de cette réduction des charges ?

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous été touché de façon négative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

Il y a encore des problèmes au niveau de son application: car même quand l'entreprise bénéficie de l'exonération de l'IAS sur les importations de matières premières, l'IAS est toujours

reclamée par les agents de la DNI.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

NON

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

OUI

2) Avez vous été touché de façon négative ou positive par cet ajustement ?

Si OUI, expliquez comment.
Sans Commentaires

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

Sans Commentaires

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'aménagement du DFI mis en vigueur depuis 1986 ?

OUI

2) Avez vous été touché de façon négative ou positive par cet aménagement ?

Si OUI, expliquez comment.

De façon positive, car avec l'abaissement du droit payé en douane, nous avons pu étendre notre fabrique d'eau de javel. Nous disposons d'ailleurs d'un contrat exclusif d'approvisionnement de chlore pour le Mali.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

Voir réponse précédente.

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

20% après tous impôts.

2) Veillez enumerer les facteurs qui sont consideres comme des contraintes pour vos activites ou comme des facteurs neefastes a l'essor du secteur priv au Mali:

- l'exiquite de la demande,
- le credit bancaire,
- la fraude, et les gens qui ne paient pas assez de taxes (le BIC forfaitaire par exemple)
- les tracasseries administratives.

Questionnaire a l'intention des operateurs
conomiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : SODEMA
Date d'etablissement : 1980
Secteur d'activit : Savon, parfums, chimie.
Nombre d'employes en 1988 : 50
Masse Salariale par
rapport aux couts totaux : 10%
Chiffre d'Affaires en 1988 : -
Capacit d'utilisation
actuelle de l'entreprise : 60%
Titre de la personne interviewee : Mr Alain Achcar, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

OUI

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui genent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

Tracasseries administratives, trop de controles.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Plus de transparence dans les textes et plus de rigueur dans
l'application des textes. Que tout le monde sache quelles sont
les regles du jeu et s'en tiennent a celles ci.

5) Si votre societe est soumise l'agrement (cas des societes
constituees par des etrangers), les nouvelles procedures vous
semblent-elles raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

(sans réponse)

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la reduction de la contribution forfaitaire de 15% a 7.5%, mise en vigueur en 1986 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

NON, c'est ridicule: au debut elle etait a 5%, puis on l'a augmentee a 15%, maintenant on l'a reduite a 7.5%, mais c'est encore superieure aux 5% d'autrefois.

3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employes ?

Si NON, pourquoi ?

NON, c'est trop peu et puis la conjoncture est mauvaise. Et il faut parler de la concurrence deloyale des types qui ne paient pas d'impôts aussi. On a les mains liees.

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la reduction d'imp t sur le BIC (de 50% 45% pour les soci t s et de 30% 25% pour les individus), mise en vigueur en 1987 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

NON, c'est trop peu.

Si OUI, quelle a ete l'utilisation de cette reduction des charges ?

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

Meme quand l'entreprise beneficie de l'exoneration de l'IAS

sur les importations de matieres premieres. L'IAS est toujours reclamee par les agents de la DNI.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activit s, r sultats, etc..) ?

NON

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en viqueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet ajustement ?

Si OUI, expliquez comment.

ON

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activit s, r sultats, etc..) ?

NON

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'amenagement du DFI mis en viqueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet am nagement ?

Si OUI, expliquez comment.

DFI toujours trop eleve. Par exemple, nous avons demande l'annulation (DFI = 0%) sur les parfums, le DFI n'a ete ramene a 10%.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activit s, r sultats, etc..) ?

NON

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilite minimum qui vous inciterait a investir au Mali ?

Jamais plus nous investirons au Mali. Trop de problemes.

2) Veillez énumérer les facteurs qui sont considérés comme des contraintes pour vos activités ou comme des facteurs néfastes à l'essor du secteur privé au Mali:

- les tracasseries administratives,
- la pression fiscale.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : MALIMAG
Date d'etablissement : 1977
Secteur d'activite : Import Export, Magasin General
Nombre d'employes en 1988 : 54
Masse Salariale par
rapport aux couts totaux : 10%
Chiffre d'Affaires en 1988 : 6,7 milliards
Capacite d'utilisation
actuelle de l'entreprise : -
Titre de la personne interviewee : Mr Yacouba Guindo, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministre des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

OUI

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui gencent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

Tracasseries administratives, trop de controles.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Lutter contre la fraude, forcer les gens a avoir une
comptabilite organisee.

5) Si votre societe est soumise a l'agrément (cas des societes
constituees par des etrangers), les nouvelles procedures vous
semblent-elles raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

NON

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la reduction de la contribution forfaitaire de 15% a 7.5%, mise en viqueur en 1986 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de mani re substantielle ?

Si NON, pourquoi ?

NON, c'est trop peu.

3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employes ?

Si NON, pourquoi ?

NON, la societe a fait des pertes durant 3 annees successives. On pense meme a compresser le personnel.

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la reduction d'impot sur le BIC (de 50% 45% pour les societes et de 30% 25% pour les individus), mise en viqueur en 1987 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

NON, la societe actuellement fait des pertes et on paie 0.75% sur le chiffre d'affaires (au lieu de 1%), mais la difference est pour nous negligeable.

Si OUI, quelle a ete l'utilisation de cette reduction des charges ?

Certainement pas pour investir.

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

NON

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

NON

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

OUI

2) Avez vous été touché de façon négative ou positive par cet ajustement ?

Si OUI, expliquez comment.

Sans commentaires

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

Sans commentaires

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'aménagement du DFI mis en vigueur depuis 1986 ?

(Le Directeur a confondu le DFI avec la TVA ! Il a fait venir son Chef Comptable, mais celui ci n'est pas aussi très clair dans ses explications.)

2) Avez vous été touché de façon négative ou positive par cet aménagement ?

Si OUI, expliquez comment.

DFI (ou TVA ?) toujours trop élevé. (La réponse a été très confuse).

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

(sans réponse)

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

(Le Directeur n'a pas compris la notion de taux de rentabilité et n'a pas pu répondre à cette question.)

2) Veuillez énumérer les facteurs qui sont considérés comme des contraintes pour vos activités ou comme des facteurs négatifs à l'essor du secteur privé au Mali :

- la fraude,
- le crédit bancaire,
- la pression fiscale.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : SOMAFAM
Date d'etablissement : 1965
Secteur d'activite : Tole Ondulee, Clous...
Nombre d'employes en 1988 : 51
Masse Salariale par
rapport aux couts totaux : 10%
Chiffre d'Affaires en 1988 : 1,5 milliards
Capacite d'utilisation
actuelle de l'entreprise : 30%-40%
Titre de la personne interviewee : Mr Sami Harage, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle réglementation est une
amélioration par rapport a l'ancienne situation ?

OUI

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle réglementation des
prix et/ou dans la nouvelle réglementation du commerce exterieur
qui genent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

Tracasseries administratives, trop de controles.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Lutter contre la fraude, forcer les gens a avoir une
comptabilite organisee. On peut commencer a doubler ou tripler
l'impôt au forfait par exemple.

5) Si votre societe est soumise a l'agrement (cas des societes
constituees par des etrangers), les nouvelles procedures vous
semblent-elles raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activites

commerciales avec l'exterieur ?

Si OUI, pourquoi ?

NON, on n'arrive pas a exporter car on paie la CPS sur les matieres premieres importees et les 3% sur nos exportations. On n'a recu aucune incitation a exporter !

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la reduction de la contribution forfaitaire de 15% a 7.5%, mise en viqueur en 1986 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

NON, c'est de la rigolade.

3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employes ?

Si NON, pourquoi ?

NON. On pense meme a compresser le personnel, car on n'arrive pas a exporter. On ne vend qu'au marche local qui est exigue et on est concurrence par TOLMALI !

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la reduction d'impot sur le BIC (de 50% a 45% pour les societes et de 30% a 25% pour les individus), mise en viqueur en 1987 ?

OUI

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

NON

Si OUI, quelle a ete l'utilisation de cette reduction des charges ?

Surtout pas au reinvestissement, la demande est trop faible

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

Sans commentaires

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

Sans reponse

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet ajustement ?

Si OUI, expliquez comment.

De facon NEGATIVE, car nos importations de matieres premieres ont ete durement touches (plus cheres !). D'un cote le DFI a ete baisse mais en meme temps on releve les valeurs mercuriales et c'est nous qui payons les frais.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

Bien sur, on paie plus pour les importations.

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'amenagement du DFI mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet am nagement ?

Si OUI, expliquez comment.

DFI encore eleve. Et la baisse des DFI n'a pas compense la hausse des valeurs mercuriales.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activit s, r sultats, etc..) ?

OUI, on est tres mecontent.

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilite minimum qui vous inciterait a investir au Mali ?

Je n'investirai plus au Mali !

2) Veuillez enumerer les facteurs qui sont consideres comme des contraintes pour vos activit s ou comme des facteurs n fastes a l'essor du secteur priv au Mali:

- la fraude,
- les tracasseries administratives,
- l'exiguite du marche domestique.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Mai 1989

Nom de l'entreprise : METAL SOUDAN
Date d'etablissement : 1954
Secteur d'activite : Construction Metallique,
Batiments.
Nombre d'employes en 1988 : 100
Masse Salariale par
rapport aux couts totaux : 30%
Chiffre d'Affaires en 1988 : 500 millions FCFA
Capacite d'utilisation
actuelle de l'entreprise : 60%
Titre de la personne interviewee : Mr Samaan, Directeur
General

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

OUI

2) Considerez vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

OUI

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui genent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

NON, on est assez content.

4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ?

Plus de transparence dans les textes de loi

5) Si votre société est soumise à l'agrément (cas des sociétés constituées par des étrangers), les nouvelles procédures vous semblent-elles raisonnables ?

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

OUI, car il semble que l'état d'esprit est à la libéralisation, la vie économique est plus ouverte que par le passé.

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la réduction de la contribution forfaitaire de 15% à 7.5%, mise en vigueur en 1986 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

OUI

3) Vous a-t-elle permis (ou vous permettra-t-elle) de recruter beaucoup plus d'employés ?

Si NON, pourquoi ?

NON, car la conjoncture économique est mauvaise.

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la réduction d'impôt sur le BIC (de 50% à 45% pour les sociétés et de 30% à 25% pour les individus), mise en vigueur en 1987 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

NON, car on fait peu de bénéfice.

Si OUI, quelle a été l'utilisation de cette réduction des charges ?

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

Dans notre corps de metier, il ya une grande difference dans les taux appliques: il ya un probleme d'interpretation de la reglementation. Je ne vois pas pourquoi sur un meme type d'activite mon voisin est frappe a 10% alors que je suis frappe a 20%.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

NON

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet ajustement ?

Si OUI, expliquez comment.

NON

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

NON

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'amenagement du DFI mis en vigueur depuis 1986 ?

OUI

2) Avez vous ete touche de facon negative ou positive par cet amenagement ?

Si OUI, expliquez comment.

OUI, nous avons ete touche de facon positive: on paie un peu moins cher qu'auparavant.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

Tres peu

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

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1) Quel est le Taux de Rentabilite minimum qui vous inciterait a investir au Mali ?

10% apres impot

2) Veuillez enumerer les facteurs qui sont consideres comme des contraintes pour vos activites ou comme des facteurs nefastes a l'essor du secteur prive au Mali:

- la fraude fiscale, et la concurrence deloyale des gens qui paient peu ou pas du tout des impots,
- l'interpretation des reglements et des textes de loi par les agents des services administratifs,
- le manque de reglementation dans les procedures d'appel d'offre publiques.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : SOMEFAC (100% malien)
Date d'etablissement : 1974 pour produits semi-finis
1978 production bout en bout
Secteur d'activite : emballage carton
Nombre d'employes en 1988 : 115 (dont 35 saisonniers)
Proportion masse salariale par
rapport aux couts totaux : 19%
Chiffre d'Affaires en 1988 : 500 a 600 M (40% export)
Capacite d'utilisation
actuelle de l'entreprise : 15 a 20 % (marche exigu)
Titre de la personne interviewee : Dumar Coulibaly PDG

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez-vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

oui

2) Considerez-vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

oui

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation des
prix et/ou dans la nouvelle reglementation du commerce exterieur
qui entravent vos activites commerciales ou industrielles ?

Si OUI, lesquelles ?

pays voisins (Senegal) subventionnent export; concurrence
illicite par dumping de la part des autres pays; on a liberalise
sans tenir compte de ce que d'autres pays font; le Mali devrait
subventionner export.

4) Y-a-t-il des ameliorations absentes dans le cadre

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reglementaire que vous souhaiteriez voir mises en place dans un proche avenir ?

oui. les textes ne sont pas clairs; ils sont confus; il y a encore trop de notions de l'epoque coloniale qui ne sont pas comprises par les Maliens

5) Si votre societe est soumise l'agrément (cas des soci t s constitu es par des trangers), les nouvelles proc dures vous semblent-t-elles raisonnables ?

6) Vous sentez-vous beacoup plus libre dans vos activit s commerciales avec l'exterieur ?
Si OUI, pourquoi ?

voir plus haut

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes-vous au courant de la reduction de la contribution forfaitaire de 15% a 7.5%, mise en viqueur en 1986 ?

oui

2) Vous a-t-elle permis de reduire vos charges de mani re substantielle ?
Si NON, pourquoi ?

Cela joue sur la tresorerie; cela peut nous permettre d'ameliorer les conditions de travail des employes et des lors la productivite

3) Vous a-t-elle permis (ou vous permettra-t-elle) de recruter beaucoup plus d'employes ?
Si NON, pourquoi ?

Non; limite par marche

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes-vous au courant de la reduction d'impot sur le BIC (de 50% 45% pour les soci t s et de 30% 25% pour les individus), mise en viqueur en 1987 ?

cela ne joue pas car tombons sous Code Inv. (rehabilive depuis mars 1986)

2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?

Si NON, pourquoi ?

Si OUI, quelle a ete l'utilisation de cette reduction des charges ?

IV. HARMONISATION DE L'IAS

1) Etes-vous au courant de l'harmonisation de l'IAS ?

oui, IAS est beaucoup eleve: 20%

2) Avez-vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

oui; trop eleve

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes-vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

oui; sommes exoneres

2) Avez-vous ete touche de facon negative ou positive par cet ajustement ?

Si OUI, expliquez comment.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc..) ?

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes-vous au courant de l'amenagement du DFI mis en vigueur depuis 1986 ?

oui

2) Avez-vous ete touche de facon negative ou positive par cet aménagement ?

Si OUI, expliquez comment.

positive, baisse de 20 %, mais c'est encore trop peu

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activites, resultats, etc...)

Le Senegal a pris Decret d'Incitation a l'exportation (25 % subvention): ici il y a taxe a l'exportation (CPS)

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilite minimum qui vous inciterait a investir au Mali ?

20-25% apres impot.

2) Veuillez classer par ordre d'importance d croissante les facteurs suivants, en tant que contraintes pour vos activites ou en tant que facteurs n fastes a l'essor du secteur priv au Mali:

- l'application de cette legislation et de cette reglementation par l'administration, en particulier les tracasseries et abus dans l'interpretation des lois et reglements par certains services administratifs.

- beaucoup d'inspections de la part de la DNI; plusieurs fois par an

- la pression fiscale.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : TOLMALI (100% malien)
Date d'etablissement : 1978
Secteur d'activite : toles ondulees
Nombre d'employes en 1988 : 26
Proportion masse salariale par
rapport aux couts totaux : ?
Chiffre d'Affaires en 1988 : 1,4 milliard
Capacite d'utilisation
actuelle de l'entreprise : 40% (marche exigu; 2 societes)
Titre de la personne interviewee : Azif Marchand, Directeur

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

- 1) Avez-vous pris connaissance du nouveau code de commerce
publi par le Ministre des Finances et du Commerce ?
oui
- 2) Considerez-vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?
ne sait pas
- 3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation
des prix et/ou dans la nouvelle reglementation du commerce
exterieur qui gignent vos activites commerciales ou
industrielles ?
Si OUI, lesquelles ?

Manque d'informations; pas de Journal Officiel; on apprend
tout au coup par coup, generalement lors des amendes et
penalites qu'on recoit
- 4) Y-a-t-il des ameliorations absentes dans le cadre
reglementaire que vous souhaiteriez voir mises en place dans
un proche avenir ?

Ne sait pas

- 5) Si votre société est soumise à l'agrément (cas des sociétés constituées par des étrangers), les nouvelles procédures vous semblent-elles raisonnables ?

pas d'application

- 6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?
Si OUI, pourquoi ?

Les licences d'importation ne sont valables que pour 6 mois, or souvent, la procédure d'importation de bout en bout est beaucoup plus longue, ce qui exige parfois de devoir renouveler la demande de licence

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

- 1) Etes-vous au courant de la réduction de la contribution forfaitaire de 15% à 7.5%, mise en vigueur en 1986 ?

oui

- 2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?
Si NON, pourquoi ?

non

- 3) Vous a-t-elle permis (ou vous permettra-t-elle) de recruter beaucoup plus d'employés ?
Si NON, pourquoi ?

non

III. REDUCTION DE L'IMPOT SUR LE BIC.

- 1) Etes-vous au courant de la réduction d'impôt sur le BIC, mise en vigueur en 1987 ?

oui

- 2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?
Si NON, pourquoi ?

Si OUI, quelle a ete l'utilisation de cette reduction des charges ?

oui, mais pas suffisant pour investir davantage

IV. HARMONISATION DE L'IAS

1) Etes-vous au courant de l'harmonisation de l'IAS ?

oui

2) Avez-vous ete touche de facon negative ou positive par l'harmonisation de l'IAS ?
Si OUI, expliquez comment.

non, cela n'a rien change pour nous

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activit s ? (volume des activit s, r sultats, etc..) ?

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes-vous au courant de l'ajustement des valeurs mercuriales mis en viqueur depuis 1986 ?

oui

2) Avez-vous ete touche de facon negative ou positive par cet ajustement ?
Si OUI, expliquez comment.

negative, via l'IAS

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activites ? (volume des activit s, r sultats, etc..) ?

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

1) Etes-vous au courant de l'amenagement du DFI mis en viqueur depuis 1986 ?

oui

- 2) Avez-vous été touché de façon négative ou positive par cet aménagement ?
Si OUI, expliquez comment.

Actuellement, même taux pour les matières premières et les produits finis; l'augmentation du DFI n'a pas joué; il est de toute façon à zéro pour les importations en provenance de la CEAO

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

non

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

- 1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

au moins 10%, après impôts.

- 2) Veuillez classer par ordre d'importance d croissante les facteurs, en tant que contraintes pour vos activités ou en tant que facteurs négatifs à l'essor du secteur privé au Mali:

- 1 - l'exiguïté du marché domestique (ou la faiblesse de la demande).
- 2 - l'application de cette législation et de cette réglementation par l'administration, en particulier les tracasseries et abus dans l'interprétation des lois et règlements par certains services administratifs.
- 3 - le cadre général de la législation et de la réglementation en matière industrielle, commerciale, y compris celles relatives au commerce extérieur.
- 4 - la pression fiscale.
- 5 - les difficultés d'accès au crédit bancaire.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : BP
Date d'etablissement : Soc. Anonyme 1976
Secteur d'activite : distribution prod. petrol.
Nombre d'employes en 1988 : 32
Proportion masse salariale par
rapport couts de production : 1,6%
Chiffre d'Affaires en 1988 : 6,9 milliards CFA
Capacite d'utilisation
actuelle de l'entreprise : ?
Titre de la personne interviewee : Mamadou Maiga, DG

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

- 1) Avez-vous pris connaissance du nouveau code de commerce
publi par le Ministere des Finances et du Commerce ?
oui
- 2) Considerez-vous que cette nouvelle réglementation est une
amélioration par rapport à l'ancienne situation ?
oui
- 3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle réglementation
des prix et/ou dans la nouvelle réglementation du commerce
exterieur qui gênent vos activités commerciales ou
industrielles ?
Si OUI, lesquelles ?
l'obligation d'obtenir des licences d'importation
- 4) Y-a-t-il des améliorations absentes dans le cadre
réglementaire que vous souhaiteriez voir mises en place dans
un proche avenir ?
davantage doit etre fait pour eliminer la fraude
- 15

beaucoup d'opérateurs très puissants sont illettrés; ils ne sont pas intéressés à entrer dans le secteur privé structuré

- 5) Si votre société est soumise à l'agrément (cas des sociétés constituées par des étrangers), les nouvelles procédures vous semblent-elles raisonnables ?
- 6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?
Si OUI, pourquoi ?

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

- 1) Etes-vous au courant de la réduction de la contribution forfaitaire de 15% à 7.5%, mise en vigueur en 1986 ?
oui
- 2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?
Si NON, pourquoi ?
oui; augmentation du bénéfice net de 20 millions, ce qui est appréciable
- 3) Vous a-t-elle permis (ou vous permettra-t-elle) de recruter beaucoup plus d'employés ?
Si NON, pourquoi ?
indirectement oui: nous avons recruté 3 ou 4 employés pour l'informatisation

III. REDUCTION DE L'IMPOT SUR LE BIC.

- 1) Etes-vous au courant de la réduction d'impôt sur le BIC (de 50% à 45% pour les sociétés et de 30% à 25% pour les individus), mise en vigueur en 1987 ?
oui
- 2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?
Si NON, pourquoi ?
Si OUI, quelle a été l'utilisation de cette réduction des

charges ?

d'une certaine façon oui, mais cela ne suffit pas pour décider d'un investissement

IV. HARMONISATION DE L'IAS

- 1) Etes-vous au courant de l'harmonisation de l'IAS ?

oui

- 2) Avez-vous été touché de façon négative ou positive par l'harmonisation de l'IAS ?
Si OUI, expliquez comment.

premier souci: le besoin de simplification

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

V. AJUSTEMENT DES VALEURS MERCURIALES.

- 1) Etes-vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

- 2) Avez-vous été touché de façon négative ou positive par cet ajustement ?
Si OUI, expliquez comment.

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

- 1) Etes-vous au courant de l'aménagement du DFI mis en vigueur depuis 1986 ?

- 2) Avez-vous été touché de façon négative ou positive par cet aménagement ?
Si OUI, expliquez comment.
- 1

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

- 1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

- 2) Veuillez classer par ordre d'importance d croissante les facteurs suivants, en tant que contraintes pour vos activités ou en tant que facteurs nfastes a l'essor du secteur privé au Mali:

- l'exiguité du marché domestique (ou la faiblesse de la demande).

- la politique économique q n rale poursuivie par le Gouvernement.

Questionnaire a l'intention des operateurs
economiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : MALI-GAZ
Date d'etablissement : 1966
Secteur d'activite : gaz ethylene
Nombre d'employes en 1988 : 24
Proportion masse salariale par
rapport aux couts de production : moins de 10%
Chiffre d'Affaires en 1988 : 516 millions
Capacite d'utilisation
actuelle de l'entreprise : 60-70%
Titre de la personne interviewee : Alain Mosca, Directeur

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

- 1) Avez-vous pris connaissance du nouveau code de commerce
publie par le Ministere des Finances et du Commerce ?

oui

- 2) Considerez-vous que cette nouvelle reglementation est une
amelioration par rapport a l'ancienne situation ?

oui, surtout la liberalisation des prix (avant tous nos prix
etaient bloques)

- 3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en general, et/ou dans la nouvelle reglementation
des prix et/ou dans la nouvelle reglementation du commerce
exterieur qui genent vos activites commerciales ou
industrielles ?

Si OUI, lesquelles ?

oui: le fait de devoir obtenir les licences d'importation
(a obtenir par sous-nomenclature du tarif douanier)
constitue un frein important; blocage des services
administratifs (surtout au niveau des Douanes); a recu
visite par 3 services de controle simulatement; a une
personne qui ne fait rien d'autre que de repondre aux

tracasseries administratives et d'obtenir le dedouanement des marchandises; DNAE leur ont applique une sanction pour un domaine qui ne les concerne pas (cela relevait de la DNI): finalement, apres de longues palabres, ils ont transige sur une somme: 500.000 francs etaient en jeu, la DNAE voulait imposer une amende de 10 millions, finalement Maligaz a fini par payer 1,5 million!

- 4) Y-a-t-il des ameliorations absentes dans le cadre reglementaire que vous souhaiteriez voir mises en place dans un proche avenir ?

ne sait pas

- 5) Si votre societe est soumise l'agr ment (cas des soci t s constitu es par des trangers), les nouvelles proc dures vous semblent-t-ils raisonnables ?

- 6) Vous sentez-vous beaucoup plus libre dans vos activit s commerciales avec l'exterieur ?

Si OUI, pourquoi ?

oui, grace a liberalisation des prix

ce qui gene beaucoup, ce sont les procedures d'importation

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

- 1) Etes-vous au courant de la reduction de la contribution forfaitaire de 15% a 7.5%, mise en vigueur en 1986 ?

ne sait pas, voir le comptable

- 2) Vous a-t-elle permis de reduire vos charges de mani re substantielle ?

Si NON, pourquoi ?

- 3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employ s ?

Si NON, pourquoi ?

apres explication, reponse est non: charges salariales representent moins de 10%

III. REDUCTION DE L'IMPOT SUR LE BIC.

- 1) Etes-vous au courant de la reduction d'impôt sur le BIC (de 50% 45% pour les sociétés et de 30% 25% pour les individus), mise en vigueur en 1987 ?

oui

- 2) Vous a-t-elle permis de reduire vos charges de maniere substantielle ?
Si NON, pourquoi ?

Si OUI, quelle a été l'utilisation de cette reduction des charges ?

oui, ameliorer resultats; la conjonction de ce facteur avec la liberalisation des prix nous a permis d'ameliorer l'outil de production, mais cela ne suffit pas pour decider d'un investissement majeur (la liberalisation est le facteur le plus important pour nous)

IV. HARMONISATION DE L'IAS

- 1) Etes-vous au courant de l'harmonisation de l'IAS ?

oui

- 2) Avez-vous été touche de facon negative ou positive par l'harmonisation de l'IAS ?
Si OUI, expliquez comment.

ne sait pas exactement; trop complique; le comptable sait peut-etre

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

V. AJUSTEMENT DES VALEURS MERCURIALES.

- 1) Etes-vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1986 ?

non

- 2) Avez vous été touche de facon negative ou positive par cet ajustement ?
- 17

Si OUI, expliquez comment.

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

VI. AMENAGEMENT DU DROIT FISCAL D'IMPORTATION (DFI).

- 1) Etes-vous au courant de l'aménagement du DFI mis en vigueur depuis 1986 ?

non

- 2) Avez-vous été touché de façon négative ou positive par cet aménagement ?
Si OUI, expliquez comment.

- 3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..) ?

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

- 1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

20 à 25% après impôt (période de remboursement doit se situer entre 4 et 5 ans pour une nouvelle usine et de 2 ans pour un compresseur, unité très coûteuse et essentielle pour notre activité); on ne peut spéculer sur le moyen ou le long terme dans un pays comme le Mali

- 2) Veuillez classer par ordre d'importance croissante les facteurs, en tant que contraintes pour vos activités ou en tant que facteurs négatifs à l'essor du secteur privé au Mali:

- 1 - l'application de cette législation et de cette réglementation par l'administration, en particulier les tracasseries et abus dans l'interprétation des lois et règlements par certains services administratifs.

- 2 - l'exiguïté du marché domestique (ou la faiblesse de la demande).

- 3 M. Mosca ajoute l'aspect néfaste de l'ampleur des importations illicites qui minent le secteur structure

Questionnaire à l'intention des opérateurs
économiques dans le cadre du Programme de Reforme
Economique.

Date : Avril 1989

Nom de l'entreprise : GRANDS MOULINS DU MALI

Date d'établissement : 1982

Secteur d'activité : Industrie

Nombre d'employés en 1988 : 65

Masse Salariale en 1988 : 119 195 305 FCFA

Chiffre d'Affaires en 1988 : 4 221 593 860 FCFA

Capacité d'utilisation
actuelle de l'entreprise : 50 %

Titre de la personne interviewée : M. GERARD ACHCAR - PRESIDENT DIRECTEUR GENERAL

I. MODIFICATIONS DU CADRE REGLEMENTAIRE

1) Avez vous pris connaissance du nouveau code de commerce publié
par le Ministère des Finances et du Commerce ?

OUI

2) Considérez vous que cette nouvelle réglementation est une
amélioration par rapport à l'ancienne situation ?

NON

3) Y-a-t-il toujours des dispositions dans le nouveau code de
commerce en général, e/ou dans la nouvelle réglementation des prix
et/ou dans la nouvelle réglementation du commerce extérieur qui
gênent vos activités commerciales ou industrielles ?

Si OUI, lesquelles ?

Le nouveau code de commerce est interprété toujours dans le même esprit que l'ancien à savoir que bien que l'homologation soit souple, les éléments que les agents prennent en compte pour déterminer le Prix de Revient d'un produit sont très fantaisistes et vont dans le sens, davantage de la recherche systématique d'une faute supposée dans le but de sanctionner car le rôle des Affaires Economiques est essentiellement répressif. La réglementation est souvent sujette à l'humeur de la Direction des Affaires Economiques et du Ministère des Finances, à savoir qu'ils peuvent donner des licences sur des critères purement subjectifs et politiques.

4) Y-a-t-il des améliorations, absentes dans le cadre
réglementaire que vous souhaiteriez voir mises en place dans un
proche avenir ? OUI. Le rôle des AFFAIRES ECONOMIQUES doit être essentiellement axé sur la recherche du développement et les études statistiques de l'évolution du marché. Malheureusement, vu le niveau des agents, leur rôle se borne essentiellement à contrôler pratiquement tous les deux mois, les sociétés organisées parce qu'elles détiennent une comptabilité et rechercher systématiquement la petite erreur afin de les pénaliser. La perte de temps est considérable pour chaque entreprise lors de ces contrôles qui mobilisent comptabilité, service transit, service achats, service vente. La durée de délivrance des licences d'importation peut prendre parfois plusieurs semaines. Certains articles du nouveau code doivent être expliqués d'une façon plus claire afin d'éviter toute confusion et toute interprétation abusive des agents des Affaires Economiques.

5) Si votre société est soumise à l'agrément (cas des sociétés constituées par des étrangers), les nouvelles procédures vous semblent-ils raisonnables ? NON car la durée d'étude d'un dossier ainsi que sa finalité peuvent demander deux ou trois ans.

6) Vous sentez-vous beaucoup plus libre dans vos activités commerciales avec l'extérieur ?

Si OUI, pourquoi ?

Pas de changement

II. REDUCTION DE LA CONTRIBUTION FORFAITAIRE.

1) Etes vous au courant de la réduction de la contribution forfaitaire d 15% à 7.5%, mise en vigueur en 1986 ? OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ? Cette contribution est fixée sur l'ensemble des charges comprenant non seulement les salaires, mais les les logements, les frais d'électricité, les prestations sociales, les déplacements du personnel.

3) Vous a-t-elle permis (ou vous permettra -t-elle) de recruter beaucoup plus d'employés ?

Si NON, pourquoi ?

NON car la contribution même à 7,5 % nous paraît excessive.

III. REDUCTION DE L'IMPOT SUR LE BIC.

1) Etes vous au courant de la réduction d'impôt sur le BIC (de 50% à 45% pour les sociétés et de 30% à 25% pour les individus), mise en vigueur en 1987 ?

OUI

2) Vous a-t-elle permis de réduire vos charges de manière substantielle ?

Si NON, pourquoi ?

- la diminution de 5 % du BIC sur les sociétés n'encourage pas tellement l'investissement car au Mali l'amortissement dégressif n'est pas appliqué.
- la revalorisation des immobilisations n'est pas acceptée.
- vu l'inflation mondiale, le renouvellement de l'équipement au bout de cinq ans nécessite un investissement du double de la valeur payée cinq ans auparavant.
- d'autre part, faire des bénéfices au Mali est très aléatoire car la fraude occupe plus de 50 % du marché.
- il y a un impôt minimum forfaitaire de 0,75 % qui doit être payé même s'il y a perte sur l'exercice.

Si OUI, quelle a été l'utilisation de cette réduction des charges ?

L'utilisation de cette réduction des charges a été l'assainissement de la société, l'amélioration de son cash flow, la reconstitution de son stock vu le délai d'acheminement entre l'EUROPE et le MALI (environ deux mois).
A assurer la survie de l'entreprise car avec les charges précédentes, elle aurait dû fermer.

IV. HARMONISATION DE L'IAS

1) Etes vous au courant de l'harmonisation de l'IAS ?

OUI

2) Avez vous été touché de façon négative ou positive par l'harmonisation de l'IAS ?

Si OUI, expliquez comment.

NON

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..)

2

NON . L'IAS frappe durement les industriels car il est en cascade et cumulatif et non pas déductible. Il est souhaitable qu'il y ait une fiscalité indirecte plus moderne, genre TVA.

V. AJUSTEMENT DES VALEURS MERCURIALES.

1) Etes vous au courant de l'ajustement des valeurs mercuriales mis en vigueur depuis 1996 ?

OUI

2) Avez vous été touché de façon négative ou positive par cet ajustement ?

Si OUI, expliquez comment.

NON

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..)

2

NON

VI. AMENAGEMENT DU DROIT LOCAL D'IMPORTATION (DFI).

1) Etes vous au courant de l'aménagement du DFI mis en vigueur depuis 1986 ?

OUI

2) Avez vous été touché de façon négative ou positive par cet aménagement ?

Si OUI, expliquez comment. Sur certaines matière première, la réduction des droits est sensible mais malheureusement cela n'a pas été appliqué sur l'ensemble des matières premières industrielles, ni sur l'équipement, ni sur les pièces détachées. Or les usines consomment beaucoup de pièces détachées du fait du manque de formation du personnel et leur niveau de qualification.

3) Les modifications ont-elles eu des impacts sensibles sur le niveau de vos activités ? (volume des activités, résultats, etc..)

2

Légèrement puisque la DFI comme expliqué ci-dessus n'a touché que certaines matières premières.

VII. LES CONTRAINTES A L'ESSOR DU SECTEUR PRIVE

1) Quel est le Taux de Rentabilité minimum qui vous inciterait à investir au Mali ?

25 %

2) Veuillez classer par ordre d'importance décroissante les facteurs suivant, en tant que contraintes pour vos activités ou en tant que facteurs néfastes à l'essor du secteur privé au Mali:

- 5 - le cadre général de la législation et de la réglementation en matière industrielle, commerciale, y compris celles relatives au commerce extérieur.
- 2 - l'application de cette législation et de cette réglementation par l'administration, en particulier les tracasseries et abus dans l'interprétation des lois et règlements par certains services administratifs.
- 1 - la pression fiscale et la fraude
- 6 - les difficultés d'accès au crédit bancaire.
- 4 - l'exiguïté du marché domestique (ou la faiblesse de la demande).
- 3 - la politique économique générale poursuivie par le Gouvernement.